



ENEX REPORT 2023

ITOCHU ENEX Group Integrated Report

The Best Partner for Life and Society
ITOCHU ENEX CO.,LTD.

The Best Partner for Life and Society
ITOCHU ENEX CO.,LTD.

<https://www.itcenex.com/en/>



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About the cover design

The photos above the center show the Group's businesses, facilities, and employees working there, and the photos below the center show scenes from people's daily lives. The cover shows that the energy services provided by the Group are connected to aspects of people's lives.



Editorial Policy

“ENEX REPORT 2023” is an integrated report covering financial and non-financial information, including sustainability activities, prepared with reference to various guidelines. Its purpose is to communicate the Group's business activities and strategies implemented in pursuit of sustained growth.

Note on Forward-Looking Statements

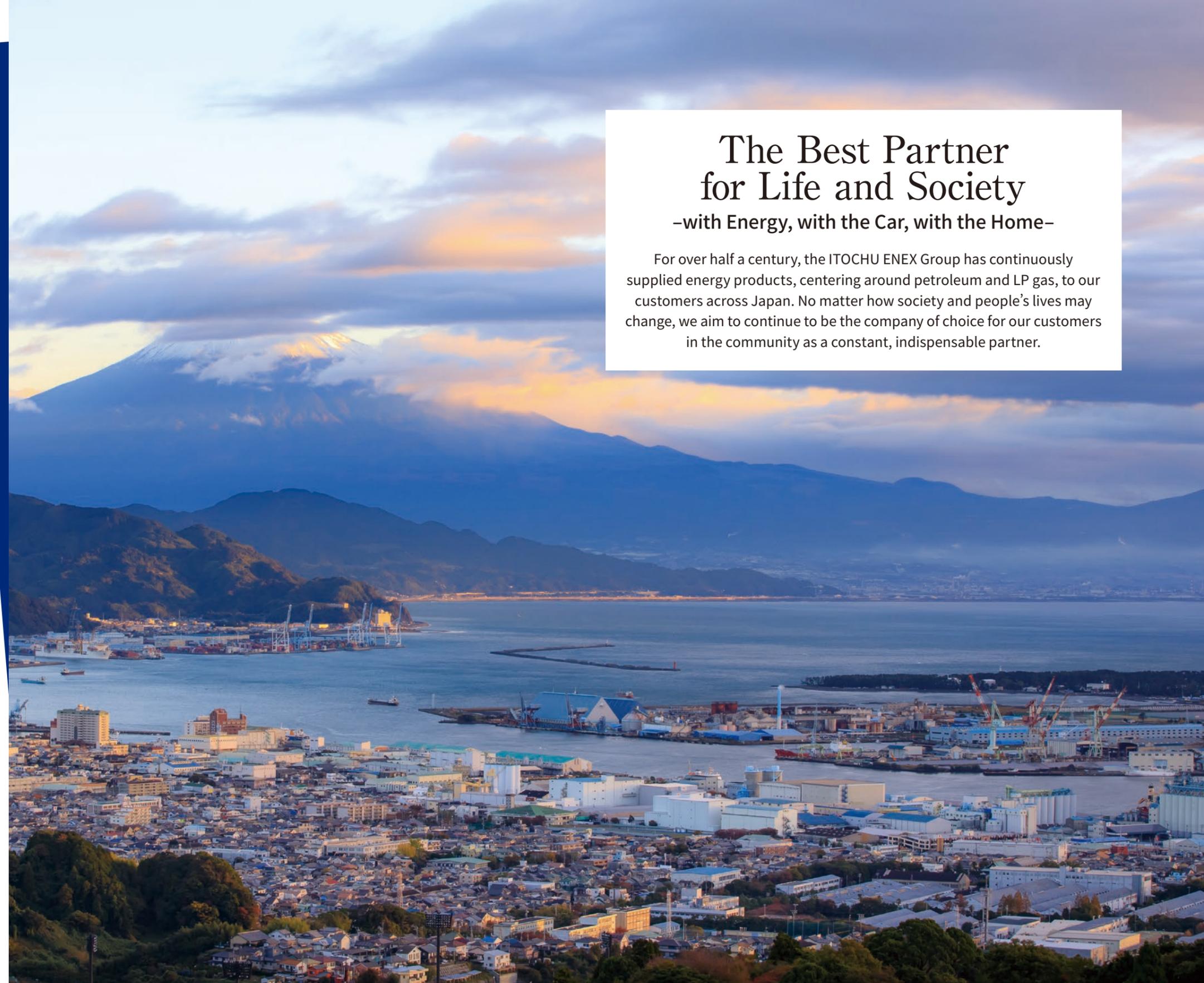
Forward-looking statements in this report, including outlooks for future Group business performance, are made by our management team based on the information available at the time of publication. Actual results may differ considerably from projections for various reasons, including fluctuating exchange rates, market trends, and economic conditions.

Period	Covered April 2022 – March 2023. Note: Includes certain activities that fall outside this period.
Organizations	Covered ITOCHU ENEX CO., LTD. and ITOCHU ENEX Group companies
Publication Date	October 2023

The Best Partner for Life and Society

–with Energy, with the Car, with the Home–

For over half a century, the ITOCHU ENEX Group has continuously supplied energy products, centering around petroleum and LP gas, to our customers across Japan. No matter how society and people's lives may change, we aim to continue to be the company of choice for our customers in the community as a constant, indispensable partner.



Origin of the company name

In July 2001, on the occasion of the 40th anniversary of its founding, the company name was changed from Itochu Fuel Corporation to ITOCHU ENEX CO., LTD. The “E” in ENEX stands for energy, end consumers, and ecology, while “NEX” stands for “NEXT,” as in the next generation, or the future.

The meaning behind the logo

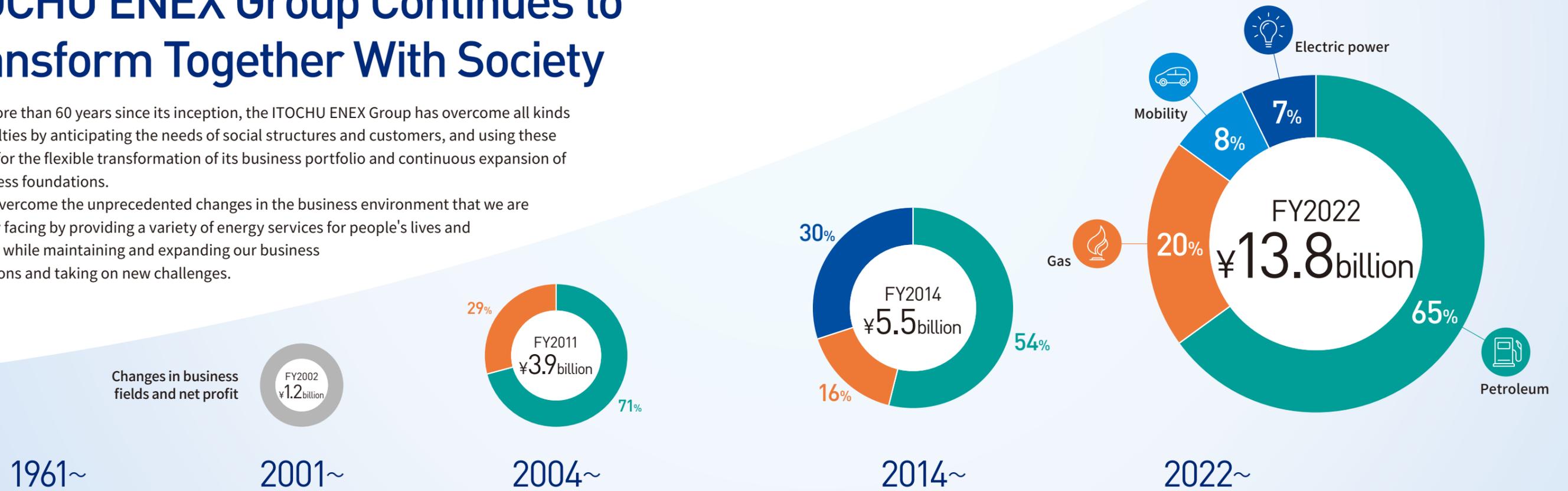
The corporate mark, newly established in October 2005, overlaps the letter “e” to connect the blue earth and bright red sun. The theme is reverence for nature and the commitment to cherishing limited resources. While the “e” logo represents “energy” and “ecology,” it also embodies our commitment to valuing customers (end-consumers), and symbolizes communication that connects people to each other and to society.



ITOCHU ENEX Group Continues to Transform Together With Society

In the more than 60 years since its inception, the ITOCHU ENEX Group has overcome all kinds of difficulties by anticipating the needs of social structures and customers, and using these insights for the flexible transformation of its business portfolio and continuous expansion of its business foundations.

We will overcome the unprecedented changes in the business environment that we are currently facing by providing a variety of energy services for people's lives and industry, while maintaining and expanding our business foundations and taking on new challenges.



Developing sales channels and expanding products

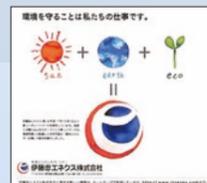
In 1961, our previous incarnation, Itochu Fuel Corporation, was established. In order to directly sell petroleum products nationwide, we worked hard to develop new sales channels and establish new service stations, and expanded into LP gas and auto gas businesses. Although our business was badly hit by the two oil crises during the 1970s, we continued to trade honestly and fairly, earning strong trust from our customers. At the same time, we took action to expand sales and entered new territories such as asphalt and high-pressure gas sales.



A refueling station in Fukuoka during the Itochu Fuel Corporation era

From a fuel trading firm to an energy trading firm

Around 2001, the petroleum industry was undergoing rapid changes, as seen in intensified sales competition due to deregulation and the restructuring of primary distributors. Against this backdrop, the company, with 40 years of business experience, changed its name to ITOCHU ENEX Co., Ltd. and established a new corporate philosophy. We have taken the leap from a fuel trader to an energy trader with the idea that even if the form and delivery methods of energy change, we will continue to aim to create a prosperous society centered on energy. We pursued selection and concentration of businesses and reinforced our clean energy initiatives.



Advertisement created with the company name change

The second inception: Becoming an integrated energy company

The petroleum and LP gas industries were facing a difficult business environment, marked by soaring energy prices and intensified competition from electric power and city gas. The Company laid out a basic policy of evolving into an integrated energy company with energy, automotive, and home solutions as its core. In addition to strengthening our sales infrastructure in the Kyushu area, we took steps to further expand our revenue base, including developing systems for the promotion of trading, solar, and EV businesses, and reinforcing our diesel fleet sales to transport businesses. We entered the electric power retail business in 2010 and the heating supply business in 2012.



Office building in Harumi where the headquarters of Tokyo Toshi Service CO., LTD. is located

The challenge of further growth and transformation starts

In 2014, we issued a new Medium-term Business Plan with the slogan "Moving!", whose message was to "move now for the future." The plan was executed over seven years while changing its sub-focuses. We explored new markets and radically overhauled our traditional approaches in operations to adapt to rapid changes in the external environment. We expanded our business portfolio by entering the car dealership business in 2014 and the household electric power retail business in 2016, and also made forays overseas by leveraging the knowledge gained through our existing domestic businesses.



OSAKA CAR LIFE GROUP CO., LTD. engaged in car dealership business

Accelerating the evolution of the business portfolio

In order to respond to the dizzying changes in the environment surrounding our Group, we implemented the medium-term business plan called "SHIFT! 2022," maintained and expanded existing businesses, and expanded environmental products such as self-consumption solar power and renewable diesel, resulting in an increase in profits for eight consecutive terms. We have formulated an eight-year medium-term business plan called "ENEX2030," to start in FY2023. We are accelerating new initiatives. For example, in July 2023, we held a launching ceremony for Japan's first LNG (liquefied natural gas) bunkering vessel, and are steadily moving forward with efforts to commence supply in 2024.



Japan's first LNG bunkering vessel scheduled to begin supply in 2024

[Strengths we have built up]

Diverse products and business models

Sales capabilities rooted in the community

Diverse customer base in the community

Relationships with a wide range of business partners

For details, see P.12-13

Changes in the social landscape

- Around 1960
A period of rapid economic growth after the war called the "Iwato Boom"
- 1970s
Crude oil prices soar due to two oil crises

- Intensified sales competition and restructuring of primary distributors due to deregulation
- Global warming

- Soaring energy prices and intensified competition from electric power and city gas

- Declining birthrate and aging population, consumer awareness, and increased interest in energy conservation and efficiency

- Rapid changes in the composition and structure of global energy
- Increased opportunities to move toward a decarbonized society

Expand and Connect

Our Business Model as an Energy Trading Company

The ENEX Group has built up a strong customer base by striving to provide a stable supply of energy throughout the country. In addition, by diversifying our products in line with changes in social structure and needs, we have succeeded in expanding and deepening our customer base. As the energy industry undergoes major changes to the business climate, we aim to expand profits by flexibly changing and solving social issues.

Petroleum



Gas



Electric power



Stable supply of energy

Our group considers the stable supply of energy, which is essential to people's lives, to be a critical mission. In LP gas sales, we are working to strengthen infrastructure functions to ensure safe and secure delivery of energy without interruption through security operations such as checking supply facilities and equipment. We also offer products and services that are rooted in the local community, such as operational support for CS*1 that deliver kerosene to the homes of elderly people in depopulated areas.

*1 CS: Car-Life Stations. Multi-service refueling stations operated by our Group.
 *2 Renewable diesel: A next-generation biofuel with the potential to greatly contribute to reducing greenhouse gas emissions as an alternative fuel to conventional diesel, mainly for trucks and buses.
 *3 GTL fuel: A low environmental impact alternative to diesel refined from natural gas that can be used for vehicles such as construction machinery and heavy machinery that do not run on public roads.
 *4 AdBlue®: High-grade urea solution. AdBlue® is an environmental product that detoxifies nitrogen oxides (NOx) when sprayed on the exhaust gas emitted by the diesel engines of trucks and buses.
 ®Registered trademark of Verband der Automobilindustrie e.V.(VDA)



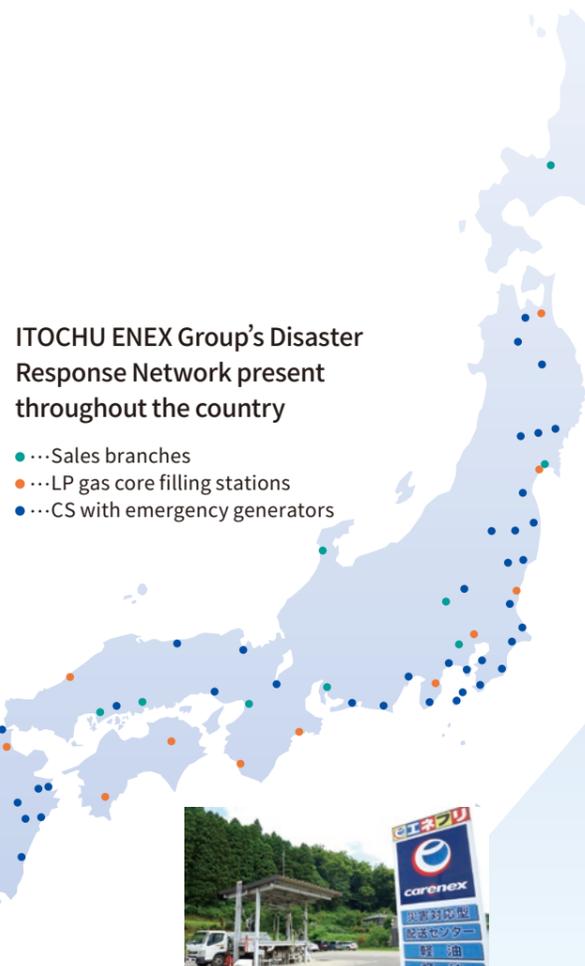
Diversification of products

Our Group is diversifying the products and services we handle while staying ahead of changes in society and customer needs. We are making efforts to flexibly respond to changes in the business environment around our company by offering renewable diesel*2 and GTL fuel*3, which are alternative fuels to diesel oil, selling AdBlue®*4, which renders nitrogen oxides (NOx) harmless, and studying the practical application of marine ammonia fuel.

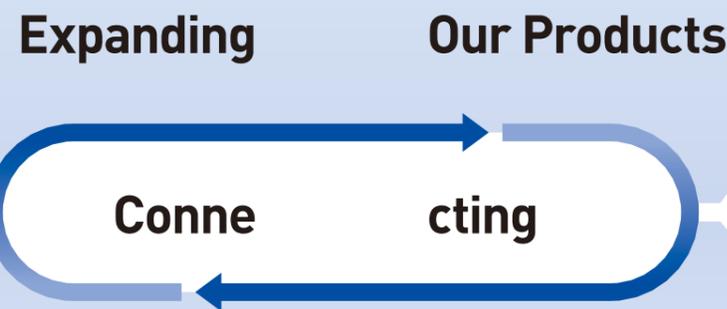


ITOCHU ENEX Group's Disaster Response Network present throughout the country

- Sales branches
- LP gas core filling stations
- CS with emergency generators



Kizuna Net Center (Miyagi Prefecture) is designed to be an energy supply base in the event of a disaster



Number of affiliated CSs operating nationwide **1,610 CSs**

Households receiving LP gas/city gas **1.5 million households**

Retail electric power sales volume **2,262,000 MWh**

Disaster response

In order to ensure the stable supply of energy, we are promoting the creation of bases that can contribute to disaster prevention for local governments and the people in local communities. We are building a system that connects disaster-stricken areas with the rest of the country based on sales branches across the country, one that enables the entire company

to support disaster-stricken areas. In addition, we have developed a network to provide a stable supply of energy in the event of a disaster, including LP gas core filling stations and disaster response stations, as well as human resources who can join forces as members of the Group and swiftly respond to everything from disaster prevention to recovery.

For details, see here
<https://www.itcenex.com/en/csr/social/disaster-prevention/>

Hazardous materials engineers Approx. 2,700	LPG installation engineers Approx. 1,500	Disaster prevention specialists Approx. 250
Resident base service stations 136 locations	Disaster response network (human resources & facilities)	LP gas core filling stations 13 locations
Emergency community tanks 8 districts	Disaster prevention agreements 7 municipalities	Sales branches across the country 11 branches

Through creativity and our ability to take action, we will enhance our “comprehensive strength” and create mechanisms for new business.

Representative Director, President and Chief Executive Officer

Tomofumi Yoshida

Empowerment

One of the things I felt while working at ITOCHU ENEX from 2022 is that even though ITOCHU ENEX is a subsidiary of ITOCHU Corporation, the way employees work is rooted in the origins of ITOCHU and the mindset of the ITOCHU Group in the past. There are various criteria for evaluating a company, but one of the criteria for determining whether a company is good or not is whether it competes with its “comprehensive strength” and how it uses that comprehensive strength.

One good thing about ENEX is that our employees deliver energy safely and stably at worksites all over the country on a daily basis, and as a comprehensive strength, that contributes to how well the company as a whole is regarded. In order to enhance this comprehensive strength, I believe that it is crucial that we develop the abilities of individuals, encourage those individuals to get to know each other, cooperate together, and be grateful of one another. This will

foster the comprehensive strength that will allow them to prevail as a team.

In order to achieve this, one management concept I practice is the “delegation of authority,” or put differently, “empowerment.” To “empower” means not only to “give power or authority,” but also to “enhance abilities.” When I run a business company, mentor subordinates, or try to double our profits, I always put this “empowerment” at the center. Once a risk management system is established, I decide the scope of the delegation of authority and grant it. Employees then think and decide for themselves within the given scope. As a result, the people to whom the authority has been delegated will enjoy their work, grow on their own, get to own the results of their efforts. Even if they make mistakes, they will learn many things from those mistakes, and want to try again. Creativity and the ability to take action are paramount. We will create mechanisms for new business by adding new functions to our businesses, without being constrained by fixed notions.



Strengthening on-site capabilities

Established in 1961 as a result of the splitting up of the former Itochu Sekiyu K.K., we have focused on the last mile of the supply chain and have endeavored to expand sales channels for petroleum products such as gasoline and LP gas. During that time, we have consistently pursued our mission to deliver energy safely and stably as “The Best Partner for Life and Society,” which is also our current management philosophy.

Our company has adhered to the “reliability and sincerity” stated in the company motto shortly after its establishment, and has cultivated relationships of trust with business partners and the community while maintaining close community ties. Even when our business partners faced difficulties due to soaring purchase prices during the oil crises, we always took a long-term perspective and put the customer first. Through this consistent approach, we have built relationships that can be described as prosperous coexistence with our business partners and local communities, and our networks that provide a stable supply of energy have become irreplaceable assets.

Through our businesses, I have a strong sense that our mission to “continue to deliver energy to society” has thoroughly spread through the ranks of our employees. On many occasions I have seen them take action on their own initiative and judgement, without being issued instructions, which I call “on-site capabilities.” The on-site capabilities of our employees, who enabled us to gain the assets that we have, are our strength. Since then, the market has faced repeated environmental changes, such as fierce and constant sales competition due to deregulation, growing global interest in environmental conservation, and intensifying competition that transcends the barriers between energy sources due to liberalization. However, each time, we have been ahead of the curve, diversifying our portfolio by taking on various challenges such as entering the clean energy business, retail electricity business, and car dealership business, and overcoming rough seas together with society and our customers.

However, an even more turbulent market environment awaits us in the future. Against the backdrop of the protracted situation in Ukraine, global energy prices

have remained high, and this has spurred moves to rectify our dependence on fossil fuels and accelerate the trend toward a decarbonized society. In Japan as well, the public and private sectors are working together to aim for the simultaneous realization of decarbonization, stable energy supply, and economic growth through GX (green transformation). Under these circumstances, with considerable effort and a little bit of luck, I can see on the distant horizon our company growing to about 10 times its current size, but to do so, all Group employees must join forces and double our comprehensive strength.

Endless change

I have written down many sages' words in my lifetime, and among them there is the phrase *senpen banka*, or “endless change.” It has the meaning of “continuing to change according to the environment without fixating your mind on one place.” Going forward, this attitude toward endless change is what we will need in the company.

During SHIFT!2022, the medium-term management plan that ran through fiscal 2022, the efforts of each and every member of the Group had paid off, and almost all qualitative and quantitative targets were achieved. Unfortunately, the strategic new investments did not go as planned. One of the reasons for this is that we lacked the ability to carry out investments. Improvement in this area is now one of our major issues. In the newly formulated medium-term management plan, ENEX2030, we adopted the slogan “To Create Driving Force of Life.” This “driving force” embodies my strong hopes for the company. Energy is the power source that drives machines, and it also has the power to motivate our customers in their daily lives. We want to provide the driving force that energizes people's lives.

ENEX2030 was designed with the long-term time frame of eight years, running until fiscal 2030, and we have set a net income target of 20 billion yen or more in fiscal 2030. On that basis, we have divided the roadmap into two-year stages. For example, we will build up stable earnings by strengthening existing businesses through such means as expanding our trading area and growing the customer base of the electric power business. At the same time, we will



take steady steps to explore and cultivate the seeds of new businesses. Differentiation is the most important thing for growing new businesses and making them profitable. By exploring services that only ENEX can provide and initiatives that are closely connected with the community, making investments, and building on successful experiences, the power of our company will gradually grow. In addition to the substantial operating cash flow that will be generated by fiscal 2030, we will apply financial leverage through optimal fund procurement, set a new and strategic investment budget of 210 billion yen in addition to capital and maintenance investments, and accelerate investments during the second half of the plan.

In this plan, we have not specifically indicated what areas we will focus on, neither externally nor internally. In this business environment where the future is uncertain, even if we were to formulate a medium-term action plan, it is difficult to imagine that things would proceed as planned. For this reason, we plan to make investments in a meticulous and bold manner according to the circumstances at the time, without deciding on the targets, fields, or durations of investments ahead of time. Flexibly adapting to future changes in customer needs, repeatedly undergoing “endless change” ourselves is how the Group has always created business, and will continue to do so going forward. We believe that the employees who interact with customers should play a leading role. As such, the medium-term management plan incorporates the idea that the on-site capabilities of such employees will become our driving force.

Slow and steady wins the race

There is a saying, “Slow and steady wins the race.” We must achieve transformation in a rapidly changing environment, and that is why we have positioned the first step, ENEX2030 '23-'24, as a stage in which we carefully solidify our footing and aim to secure revenue sources. While continuing to strengthen our on-site capabilities, we will put in place an investment advancement system aimed at creating new businesses, as well as strengthen our organization and human resources to facilitate evolution. When I see our

employees working with vigor and enthusiasm, I get a strong sense of the company's tradition of pursuing the happiness of not only our business partners and society, but also our employees. The company's mission is to contribute to society, and in order to do so, it is most important that our employees enjoy their work and derive happiness from it. As a consequence, we aim to run the company in a way that pleases our shareholders and business partners.

We will enhance the on-site capabilities of our employees, the greatest asset of the Group, and enhance the comprehensive strength of the entire group, but as I suggested at the beginning of this message, that comes down to the abilities of individuals and how well those individuals function as a team. That, I believe, is what leads to comprehensive strength.

How to improve individual abilities? We can broadly think of learning as being divided into two types. First, there is "book learning," where one learns in the classroom or from textbooks. Next, there is "street learning." This consists of OJT (On-the-Job Training), where employees learn from senior staff and customers as they work, or learn the job themselves by thinking for themselves and acting within the scope of the authority they have been delegated. From this book learning and street learning, individual employees study and gain experience, gradually becoming professionals. This leads to group strength, or put differently, teamwork. The first step in teamwork is for individuals to get to know each other. It is important for employees to be able to talk about what kind of work they do or how they earn money. Next, employees cooperate with each other because by doing so, synergy is created. If even a small amount of synergy is created and even a small amount of profit is earned, ideally the third step is for the employees to express gratitude to each other.

In this sense, communication is an important factor in improving on-site capabilities. We will break down the barriers separating the four business divisions and introduce systems whereby they can teach each other useful information and techniques, earn together, and be evaluated together. I am convinced that if each and every employee pays close attention to the lifestyles of our customers, we will be able to contribute to solving problems

in unprecedented ways. We want our employees to create their own businesses that are preferred by customers, without being bound by the framework of energy, and to that end, we will set up mechanisms for utilizing investments.

In the future, as part of the creation of a system to actively invest in the Group, we will support our employees in acquiring the necessary know-how for business investments. In this way, we plan to increase the number of employees who can proactively search for seeds of investment, in addition to the trading we have conventionally been engaged in. The Investment Strategy Development was established in April 2023. As a group of investment professionals, this organization will analyze, formulate, execute, and review projects, and will be responsible for large-scale domestic and overseas investment projects. In the fields in which we have knowledge, we intend to carefully select projects based on investment criteria while keeping an eye on diversifying investment risks.

We have 31 main Group companies, and in order to enhance our comprehensive strength by bolstering human resources and facilitating cooperation not only at our company alone but also at the entire Group, we are committed to improving the efficiency of Group consolidated management.

In conclusion

The ENEX2030 medium-term management plan clearly lays out non-financial targets along with financial targets. In recent years, SDGs and ESG have become a global trend, and the demands on companies are increasing. As we are in an industry that has a particular responsibility to deal with the problem of global warming head on, we must take steps without fail. Promoting the active participation of women is also an important issue for our company, but rather than responding to external demands in a perfunctory manner or blindly riding the tide, we will proceed with substantive initiatives based on judgments as to whether they will lead to an increase in corporate value.

For example, we have 11 sales branches nationwide,

136 disaster response stations, and a disaster response network that connects various business infrastructures. As a result, we have a system in place that can respond rapidly in times of disaster. When an earthquake with a maximum seismic intensity of upper 6 on the scale occurred in the Tohoku region in March 2022, employees in areas close to the epicenter voluntarily made rounds to business partners even before the BCP (Business Continuity Plan) was put into effect, confirming the safety of our customers. The check was complete just three hours after the earthquake struck. Rather than simply contributing to society in the conventional sense, I think that in terms of deepening trust with local communities, initiatives like these are essential for simultaneously creating social and economic value over the long term.

In order to fulfill our mission of delivering energy and services to society no matter the circumstances, all Group

employees will work together to hone their minds, skills and bodies and push forward with their work. I believe that it is our Group's mission to overcome the current difficulties together with the customers who, over generations, have been with us for 60 years. To that end, our Group will work together to further strengthen our on-site capabilities and continue to contribute to our customers.

The world around us will continue to change rapidly and not wait for us. Therefore, I pledge to all of you that I will do what I can as soon as possible, that I will not miss opportunities in the market, that I will do everything in my power to make the most of my intuition for winning, and that I will use my body, mind, and luck to their fullest.

To employees, I hope we can enjoy working together going forward.

To our stakeholders, including our shareholders, I want you to look forward to our future growth.



Strengths of the ITOCHU ENEX Group

Since its establishment, the Group has consistently pursued its mission of providing a stable supply of energy, synergistically maintaining and expanding our customer base and diversifying the products we offer. In doing so, we have built up unique strengths that lead to the enhancement of sustained corporate value. We aim to further bolster our strengths as we continue to operate our businesses based on our management philosophy of being “The Best Partner for Life and Society.”



Expanding Our Products



Expanding Our Customer Base



Diverse products and business models

Our position as an energy trading company allows us to curb investments in manufacturing facilities, and also means we are not tied to our own products. Based on our mission of “delivering energy,” we are able to flexibly provide a variety of energy products to meet needs on a one-stop basis. For example, in the electric power business, in addition to electricity generated at power plants owned by the Group, we also have procurement channels from major electric power companies. Furthermore, by creating alternative energy sources and various new businesses, our business model allows us to sustainably increase our corporate value even in a rapidly changing business environment.

Sales capabilities rooted in the community

The Group operates businesses that are rooted in the local community. Each community has social issues that are different from metropolitan areas. The Group has created new businesses and solidified our customer base through sales activities that are closely connected to the local community and that respond carefully to the needs identified in the field. Against the backdrop of changes in the social structure, such as the declining birthrate and aging population, we view increasingly diverse social issues as new business opportunities and are working to further strengthen our on-site capabilities.



Relationships with a wide range of business partners

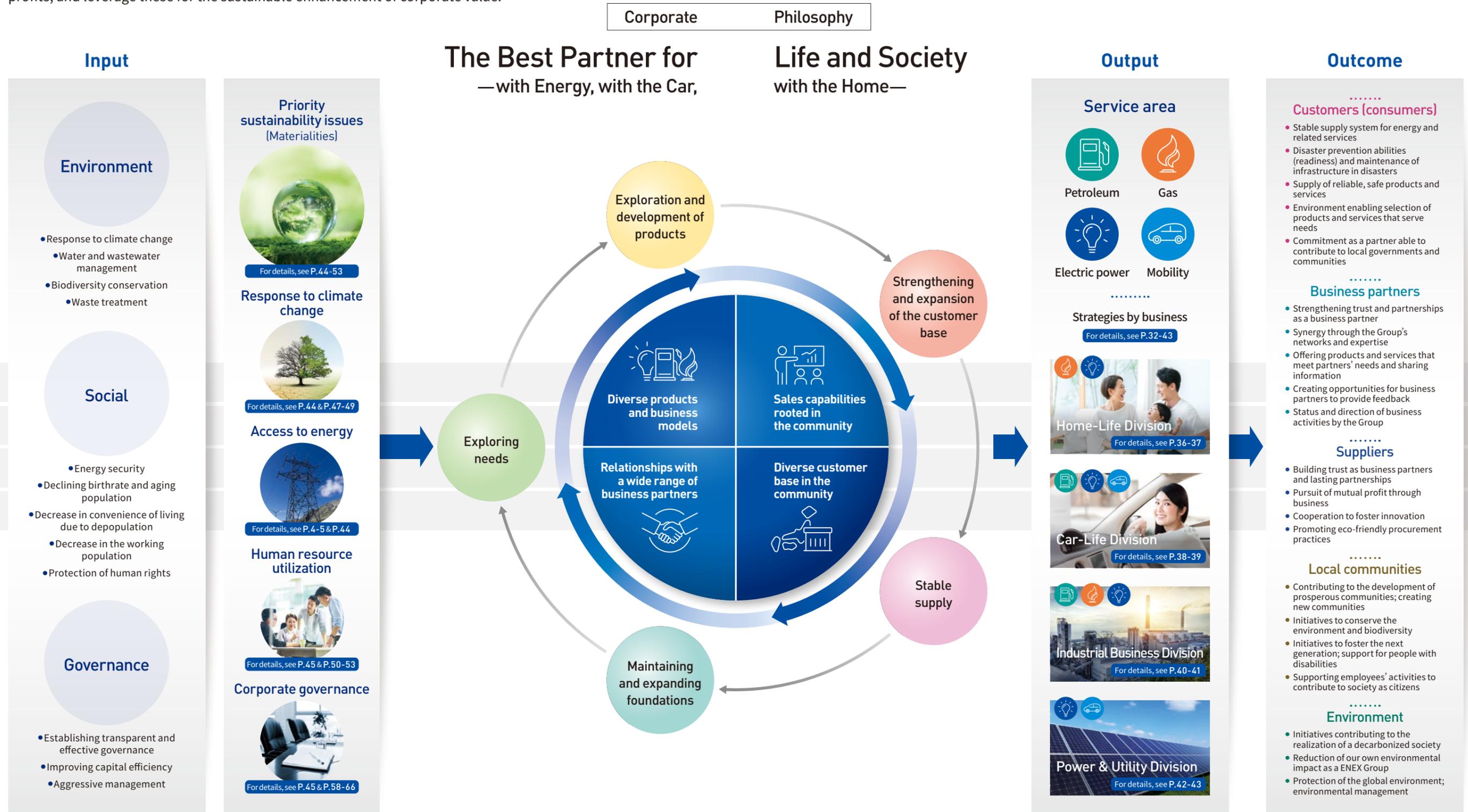
In addition to the wide range of sales channels we have built, we are leveraging our flexibility as an energy trading company to collaborate with a variety of business partners, including major companies in a variety of industries and local governments. We are building win-win relationships in everything from petroleum and LP gas to clean energy and a variety of services that support daily life, enabling us to provide products and services that meet the needs of each community.

Diverse customer base in the community

Our Group has built a sales network with 1,610 Car-Life Stations nationwide, and delivers corporate energy to approximately 3,000 business locations nationwide and gas to 1.5 million homes. This customer base is an important foundation that provides the Group with stable earnings and allows us to discover new business opportunities. In addition to thorough and sincere customer service, we strive to deepen relationships of trust by providing a variety of products in each community and by collaborating with partners, and are working to further expand and deepen our customer base.

Value Creation Process

As a “The Best Partner for Life and Society,” the Group continues to contribute to solving social issues by quickly grasping the needs of each region through feedback from the field. By continuing to strive to resolve issues, we will expand our customer base, increase profits, and leverage these for the sustainable enhancement of corporate value.



Strategic Direction: Sustainable Expansion of Our Foundations

The ITOCHU ENEX Group has developed its enterprises centered on essential businesses such as petroleum and LP gas, which are important as social and life infrastructures. We have created a virtuous cycle of accumulated strengths, while adapting to changes to the times and the external environment to flexibly and nimbly expand and change our business foundations. Under our newly formulated Medium-term Business Plan, “ENEX2030,” we will provide a variety of energy services and take on the challenge of further growth and transformation.

Expansion of Our Foundations

Unique Foundations

The reason our Group has been able to provide a safe and stable supply of energy for over 60 years is because we have built a unique foundation that organically combines networks with customers, infrastructure, and business partners. Even though the petroleum and gas markets are shrinking, we are working on M&A and active sales development in the LP gas business, etc., in order to further strengthen and maintain these foundations.

- Petroleum**
 - Stable customer base (1,610 affiliated CS locations delivering industrial energy to approximately 3,000 business sites)
 - Connections and sales networks built between sales outlets and business partners
- Gas**
 - Stable customer base (gas delivered to approximately 1.5 million households)
 - A sales network established by Group companies nationwide

Expansion of Our Foundations

Utilizing the foundations we have independently built in the petroleum and gas businesses, we have expanded into peripheral businesses such as related services, and created synergies with our new forays into the electric power business (electric power retail business from 2010) and the mobility business (in 2014 with the car dealership business).

- Electric power**
 - Approximately 324,000 Group electric power sales contracts
 - 19 heating supply districts in the Kanto area
- Mobility**
 - 108 car dealership outlets
 - 532 car rental outlets

Creating new foundations

Connecting foundations digitally

Connecting foundations with electric power

We are making full use of our unique foundations to create new businesses, including environment-related businesses. In addition, we are utilizing the sales expertise we have developed in Japan to go forward with overseas expansion, quickly detecting changes in the times and external environment, and expanding our base in a variety of areas. In doing so, we are studying how to create new foundations while continuing to flexibly transform.

- Connecting our foundations with electric power**
 - Expanding new businesses by connecting petroleum, gas, mobility, and other businesses with electric power
 - Taking advantage of our ability to access diverse industries, we have formed alliances with various companies (e.g., electricity sales collaboration with Nissan Motor Co., Ltd.)

- Connecting our foundations digitally**
 - Connecting existing businesses digitally to explore efficiency and new services (e.g., streamlining automatic meter reading and delivery by utilizing LPWA*, smartphone refueling that allows payments for car refueling, etc. to be made using a smartphone)
 - Reorganizing the customer base of our various businesses and providing services in tune with customer needs

*LPWA: An LP gas central monitoring system that can remotely monitor the remaining amount of LP gas and centrally monitor it.

Boosting Capital by Deepening Relationships

With Stakeholders

The ITOCHU ENEX Group regards constructive communication with stakeholders as the basis for sustainable growth, and strives to deepen relationships with a wide range of stakeholders.

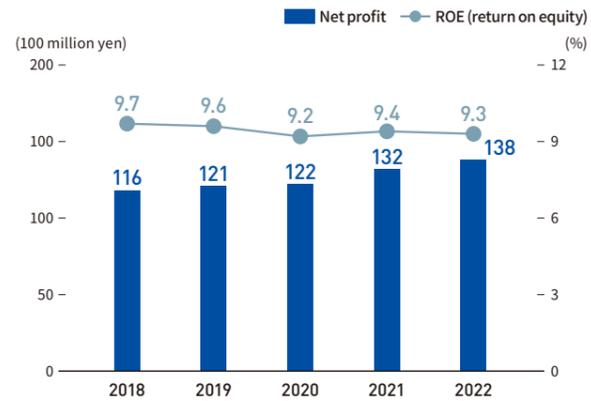
Stakeholders	Main relevant capital	Importance of stakeholders	Initiatives to deepen relationships (increase capital)	Relationship to corporate value	Corresponding important issues
Customers (consumers)	Social capital	As “The Best Partner for Life and Society” laid out in our Corporate Philosophy, we have made it our mission to not only stably supply energy, but also promptly and attentively provide our customers with the diverse services they need. We strive to create an environment where customers can rationally and confidently choose better products and services.	<ul style="list-style-type: none"> Offering products and services through branches and Group companies nationwide Maintaining supply via LP gas core filling stations and resident base service stations (disaster response stations) Disaster response network to connect disaster-stricken areas and other areas nationwide (offering company-wide support for affected areas) Solutions tailored to society’s needs, including eco-friendly products and services Initiatives rooted in local communities, such as CS operations in depopulated areas and meal delivery services for the elderly 	<ul style="list-style-type: none"> Expanding profit opportunities by expanding the customer base Tapping needs that will lead to new business 	<ul style="list-style-type: none"> Response to climate change Access to energy
Business partners	Social capital Production capital Intellectual capital	We endeavor to offer better services by working toward two-way dialogue with our business partners, in addition to appropriately managing any information related to them and securely protecting confidential information. We believe that dialogue with our business partners will become increasingly important as the environment surrounding our Group changes significantly.	<ul style="list-style-type: none"> Strategic alliances and sustained collaborations with companies in a variety of industries Running “ENEX Meetings” for training and exchange with business partners Holding exchange meetings, informal conferences, and product seminars in each region Distribution of web communication tools for LP gas/CS business outlets 	<ul style="list-style-type: none"> Expansion of customer base through stable supply of energy Creation of new business models through alliances 	<ul style="list-style-type: none"> Response to climate change Access to energy
Suppliers	Social capital Production capital Intellectual capital	We promise to ensure that our business will always be conducted in a fair manner. This means that we will do business based on fair and free competition; will procure fairly; will strictly observe rules and regulations on commercial transactions; and will refrain from unfair conduct, including price fixing and cartel agreements. We seek to grow together with our suppliers by maintaining and reinforcing our mutual trust.	<ul style="list-style-type: none"> Holding and participating in exchange meetings, informal conferences, and various events in each region Sales promotion through our own campaigns and events Regular face-to-face meetings, and discussions to explore new opportunities Promoting the use of environmentally-friendly products among consumers and business partners 	<ul style="list-style-type: none"> Stable supply of energy Providing new products by procuring diverse products 	<ul style="list-style-type: none"> Response to climate change Access to energy
Local communities	Social capital	Based on our Corporate Philosophy of being “The Best Partner for Life and Society,” we strive to contribute to society as a good corporate citizen through our business activities. With our vision to develop the environment, people, and communities in ways that foster the next generation, we are working to deepen communication and mutual understanding with local communities and engaging in activities pass on a sustainable society to the future generations.	<ul style="list-style-type: none"> Holding events for food education, fire education, and hands-on job experiences related to our businesses Actively participating in and supporting community events; holding cleanups Activities for fostering the next generation through co-sponsored sports events, assistance for persons with disabilities (Golf, soccer and basketball teams, etc.) Running a volunteer activity support system to develop reliable human resources who will contribute to society 	<ul style="list-style-type: none"> Tapping needs that will lead to new business Sustainability of businesses in communities Fostering a sense of trust through disaster response 	<ul style="list-style-type: none"> Response to climate change Access to energy
Shareholders /investors	Financial capital	We strive to continuously provide and explain the information necessary for investment decisions in a timely, fair, accurate, and clear manner and be rated appropriately by our shareholders and investors. We value two-way communication and are engaged in various activities to ensure that requests and opinions are shared with the management in order to improve the Group’s operations.	<ul style="list-style-type: none"> Opportunities to actively communicate with shareholders and investors (General meeting of shareholders, financial results briefing, individual interviews with institutional investors, etc.) Business management emphasizing maintenance of a healthy financial structure and capital efficiency Enhanced content for investors through appropriate disclosure of information, our website, etc. Sustainable growth based on our Corporate Philosophy, for example by achieving our Medium-term Business Plan targets 	<ul style="list-style-type: none"> Realization of management rooted in a medium- to long-term perspective Upgrading management through communication 	<ul style="list-style-type: none"> Corporate governance
Employees	Human capital Intellectual capital	Since its founding in 1961, the ITOCHU ENEX Group has always considered its people to be its greatest asset. Human resources are at the center of the Group’s value creation and are the driving force of sustainable growth and medium- to long-term enhancement of corporate value. Accordingly, the Group seeks to provide a pleasant and rewarding work environment for all employees.	<ul style="list-style-type: none"> Promotion of “ENEX EARLY BIRD” working style reforms Systematic training schemes, overseas on-the-job training programs, and graduate school admission program for working professionals Initiatives to improve health literacy, respond to mental health issues, and prevent harassment Utilization of human resources and improvement of systems and in-house environment based on the Diversity Statement Job satisfaction surveys to ascertain employees’ perceptions, satisfaction levels, and their opinions on programs/systems 	<ul style="list-style-type: none"> Expanding the customer base by strengthening on-site capabilities Creation of new business models 	<ul style="list-style-type: none"> Human resource utilization Corporate governance
Environment	Natural capital	As a company dealing in various forms of energy, we believe one of our most important challenges is to achieve sustainable growth through careful consideration of how to achieve harmony between a better global environment and our lifestyles. Through our ongoing business activities, we are conscious of the global environment, strive for environmental conservation, and actively engage in environmentally-friendly businesses.	<ul style="list-style-type: none"> Identification of climate change response as an important issue and disclosure of our Action Plan Providing various environment-related products and services and studying new efforts (alternative fuels, renewable energy, storage batteries, electric vehicles, and heating supply systems) Eco-office activities: energy saving and transition to green energy at business offices Compliance with environmental regulations and environmental management systems (ISO 14001), and promoting activities on environmental protection and biodiversity conservation 	<ul style="list-style-type: none"> Ensuring sustainability by responding to environmental risks Expansion of clean energy and electric power businesses 	<ul style="list-style-type: none"> Response to climate change

Financial & Non-financial Highlights

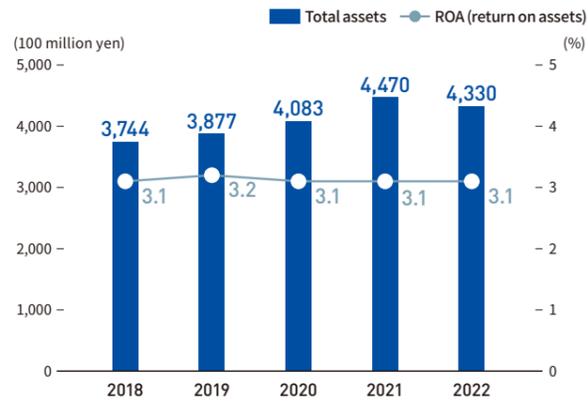
Note: The values in non-financial data are non-consolidated basis

Financial

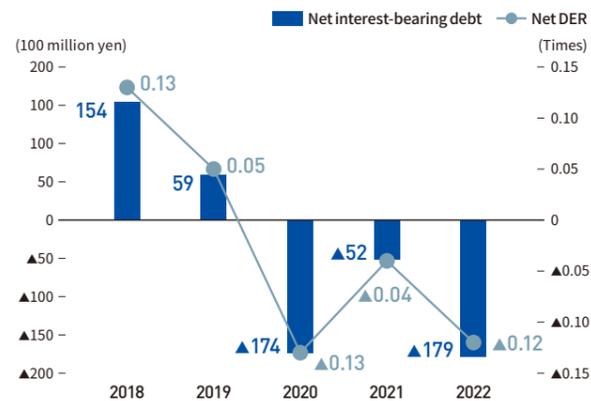
Net profit / ROE (return on equity)



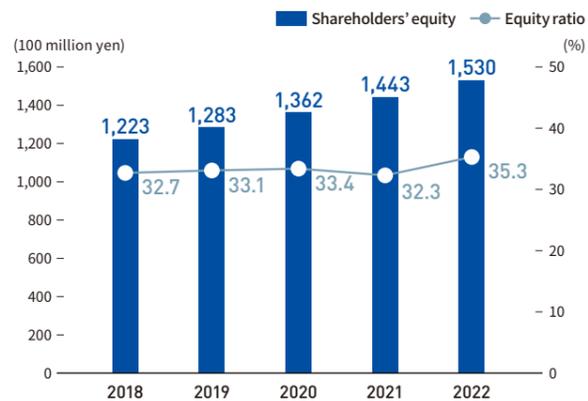
Total assets / ROA (return on assets)



Net interest-bearing debt / Net DER



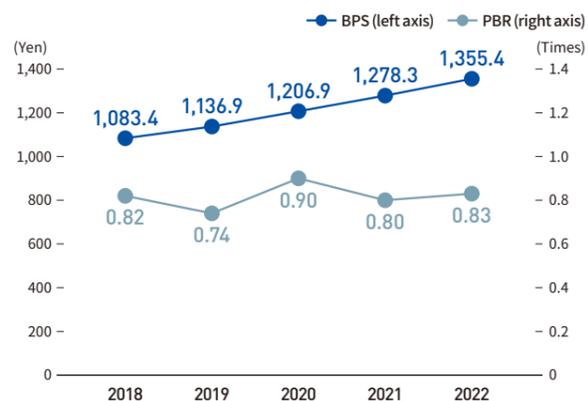
Shareholders' equity / Equity ratio



EPS/ PER*



BPS/ PBR*

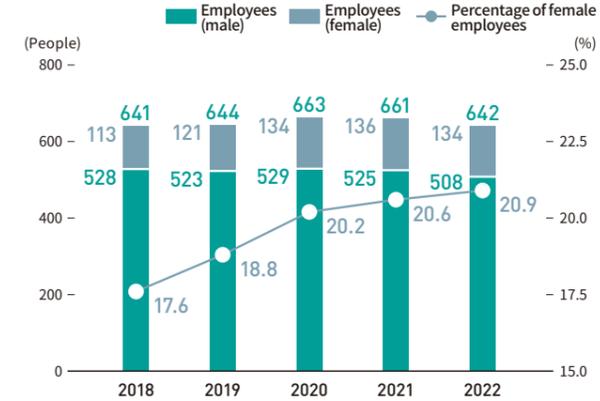


* EPS (earnings per share) = Net profit / Number of shares outstanding
 * PER (price-earnings ratio) = Share price (end of the period) / EPS (earnings per share)

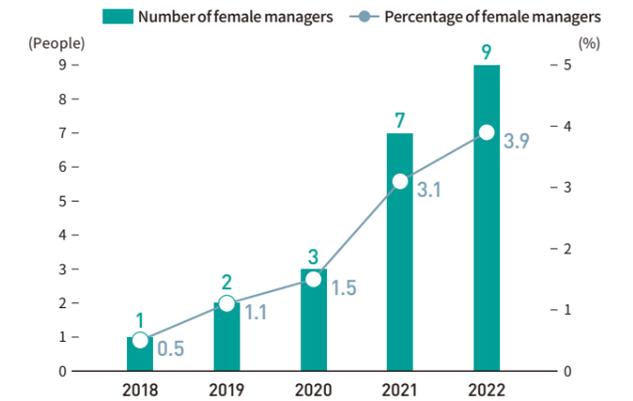
* BPS (book value per share) = Shareholders' equity / Number of shares outstanding
 * PBR (price-book value ratio) = Share price (closing price at the end of the period) / BPS (book value per share)

Non-financial

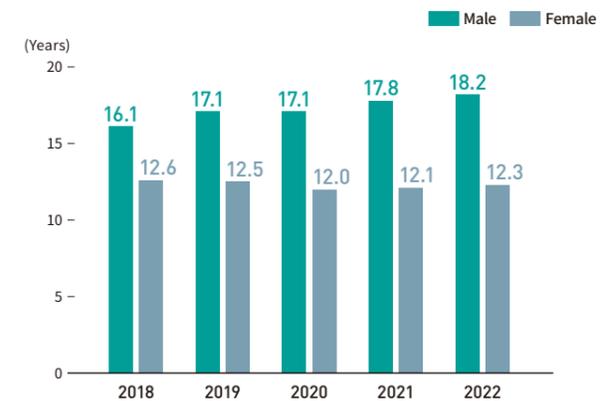
Number of employees (by gender) / Percentage of female employees



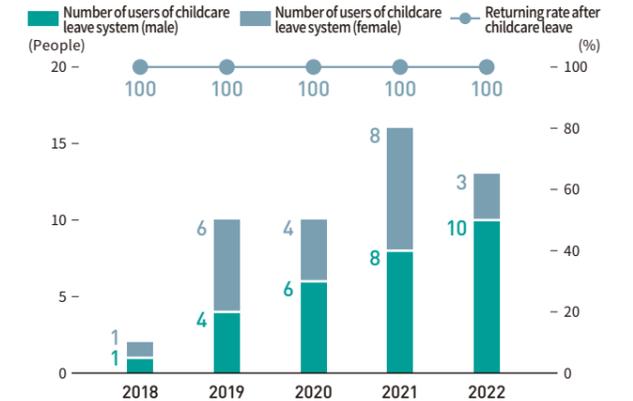
Number of female managers / Percentage of female managers



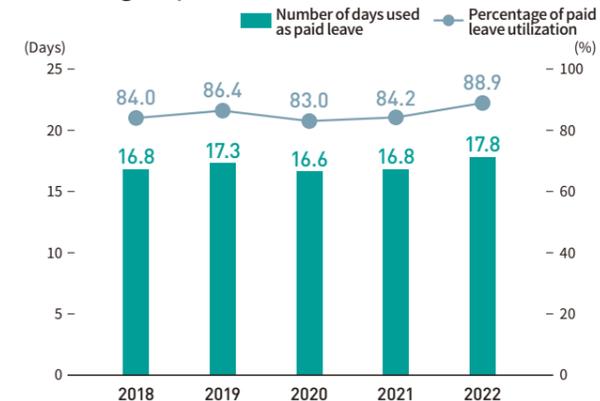
Average length of service (by gender)



Number of users of childcare leave system (by gender) / Returning rate after childcare leave



Number of days used as paid leave / Percentage of paid leave utilization



Average overtime hours per month*



* As a general rule, overtime work after 8 p.m. is not allowed.

Looking Back on Past Medium-Term Business Plans

In order to respond flexibly to changes in society and the environment, the ENEX Group has steadily grown its profits by formulating medium-term business plans every two years. In order to achieve further growth going forward, we will create value unique to the Group by responding nimbly to changes in the business environment.



- Names of Medium-Term Business Plans
- Basic Policies
- Main measures
- Quantitative plan & results
- Unfinished tasks

Moving 2020 翔ける

Promoting Growth Strategies

- Maintaining and deepening the revenue base
- Developing overseas businesses and peripheral areas
- Creating new businesses

Evolving the Organizational Base

- Strengthening Group management
- Human resource strategies to support growth
- Promoting innovation

- Strengthening collaboration with other industries
- Reorganization of Group companies
- Expansion of our environmental business
- Strengthening our renewable energy business
- Start of new overseas on-the-job training system

Quantitative plan & results	2019			2020		
	Plan	Results	Evaluation	Plan	Results	Evaluation
Net profit	¥11.8 billion	¥12.1 billion	○	¥11.0 billion	¥12.2 billion	○
ROE	9.0% or more	9.6%	○	9.0% or more	9.2%	○
Substantive operating cash flows*	¥20.0 billion or more	¥36.5 billion	○	¥20.0 billion or more	¥32.9 billion	○
Consolidated payout ratio	40% or more	41.2%	○	40% or more	46.4%	○
Amount of investments	—	¥22.3 billion	—	¥43.0 billion (2-year total)	¥41.0 billion (2-year total)	×

* Substantive operating cash flows: "Operating cash flows" - "fluctuations in working capital"
 Note: The FY2020 plan is a revised plan based on the impact of COVID-19 (ROE is excluded from the revised plan, but is listed as a reference value)

Considering the increasingly prominent environmental issues and COVID-19, which was spreading on a global scale, we realized that we needed to step up a gear and further accelerate.

SHIFT! 2022

Maintaining and expanding the customer base

- Expanding our trading area by acquiring LP gas business operators
- Strengthening the customer base by gaining electric power customers

Deepening the environment & energy businesses

- Expanding the implementation of renewable diesel and broadening the AdBlue® value chain
- Start of collaboration with Smart Solar Corporation, construction and operation of LNG bunkering vessels

Cultivating next-generation human resources

- Enhancing lateral collaboration through cross-functional approaches
- Cultivating overseas business personnel through overseas on-the-job training

Quantitative plan & results	2021			2022		
	Plan	Results	Evaluation	Plan	Results	Evaluation
Net profit	¥12.5 billion	¥13.2 billion	○	¥13.0 billion	¥13.8 billion	○
ROE	9.0% or more	9.4%	○	9.0% or more	9.3%	○
Substantive operating cash flows	¥30.0 billion or more	¥33.8 billion	○	¥30.0 billion or more	¥37.3 billion	○
Consolidated payout ratio	40% or more	41.1%	○	40% or more	40.8%	○

Investment Plan & Results	Plan (two-year total)	2021 results	2022 plan	Results (two-year total)	Evaluation
New and strategic investments	¥40.0 billion	¥12.7 billion	¥9.4 billion	¥22.1 billion	×
Capital expenditures	¥20.0 billion	¥9.5 billion	¥7.3 billion	¥16.8 billion	○

Although our goals for progress for new investments have not been achieved, the plan has been achieved in terms of profitability and efficiency by strengthening on-site capabilities. The challenge for the future is to accelerate investment.

- ENEX2030 '23-'24**
- Strengthening on-site capabilities
 - Developing a framework for making investments
 - Strengthening the organization and human resources



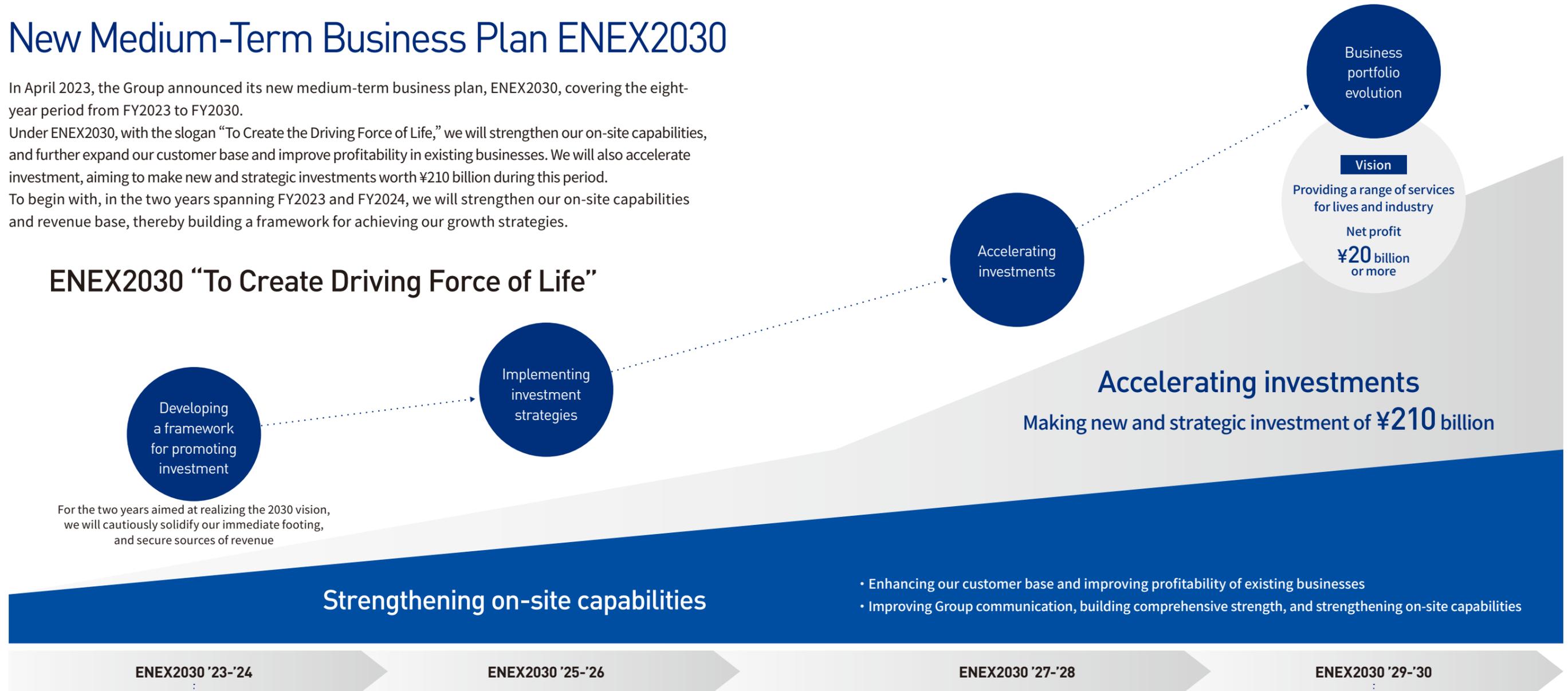
New Medium-Term Business Plan ENEX2030

In April 2023, the Group announced its new medium-term business plan, ENEX2030, covering the eight-year period from FY2023 to FY2030.

Under ENEX2030, with the slogan “To Create the Driving Force of Life,” we will strengthen our on-site capabilities, and further expand our customer base and improve profitability in existing businesses. We will also accelerate investment, aiming to make new and strategic investments worth ¥210 billion during this period.

To begin with, in the two years spanning FY2023 and FY2024, we will strengthen our on-site capabilities and revenue base, thereby building a framework for achieving our growth strategies.

ENEX2030 “To Create Driving Force of Life”



For the two years aimed at realizing the 2030 vision, we will cautiously solidify our immediate footing, and secure sources of revenue

Strengthening on-site capabilities

- Enhancing our customer base and improving profitability of existing businesses
- Improving Group communication, building comprehensive strength, and strengthening on-site capabilities

ENEX2030 '23-'24

ENEX2030 '25-'26

ENEX2030 '27-'28

ENEX2030 '29-'30

ENEX2030 '23-'24

Positioning

To pursue the 2030 vision, we will strengthen our on-site capabilities and revenue base, thereby building a framework for achieving our future growth strategies.

Major Initiatives

- 1 Strengthening on-site capabilities
- 2 Advancing a framework for making investments
- 3 Strengthening the organization and human resources

ENEX2030 '23-'24 Management Targets

Financial indicators		Returns to shareholders
Net profit ¥13.5 billion <small>(FY2023/FY2024)</small>	Substantive operating cash flows ¥35.0 billion <small>each fiscal period</small>	Dividend policy Progressive dividends Strong focus on consolidated dividend payout ratio of 40% or more
Progressive dividends ¥60.0 billion <small>(of which capital expenditures are ¥16 billion)</small>	ROE 8~9% <small>(FY2023/FY2024)</small>	

ENEX2030 (2030)

ENEX2030 Management Targets

Financial indicators		Non-financial indicators	
Net profit ¥20.0 billion <small>or more</small>	Substantive operating cash flows ¥45.0 billion	GHG emissions 50% reduction or more <small>(Compared with FY2018 Scopes 1 and 2)</small>	Percentage of female hires 30% or more
ROE 9.0% or more	New and strategic business investments ¥210.0 billion	Percentage of female managers 10%	Rate of childcare leave taken by male employees 80% or more

New Medium-Term Business Plan ENEX2030 '23-'24

In pursuit of the 2030 vision, over the two years spanning FY2023 and FY2024, we will strengthen our on-site capabilities and revenue base, and build a framework for achieving our growth strategies.

Awareness of the environment
Market conditions

- 1 Concerns about a global economic slowdown
- 2 Concerns about rising interest rates and uncertainty in the stock market both in Japan and overseas
- 3 Rising costs due to progressive global inflation
- 4 Accelerating transformation to a carbon-neutral society
- 5 Uncertainty over energy supply and demand and price trends in the international market
- 6 Changes in market conditions and industrial structure that will lead to business opportunities

Based on our judgement that the business environment surrounding our Company is uncertain, we are focusing on solidifying our immediate footing. At the same time, we regard change as an opportunity, and are engaged in active business project discovery and development.

Positioning

To pursue the 2030 vision, we will strengthen our on-site capabilities and revenue base, thereby building a framework for achieving our future growth strategies.

1 Strengthening on-site capabilities

- Advancing our revenue model by bringing together the strengths of all employees and improving comprehensive strength
- Promoting delegation of authority to speed up on-site decision making
- Implementing personnel policies to evaluate on-site efforts and performance

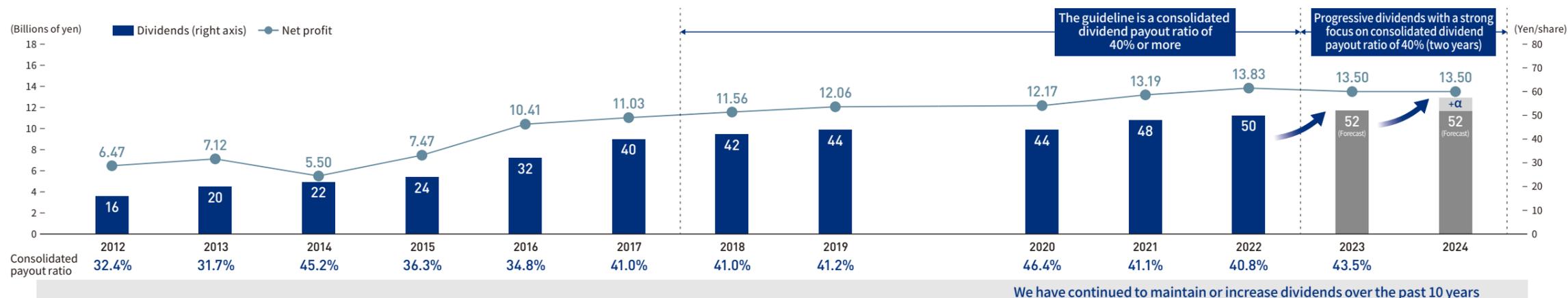
2 Advancing a framework for making investments

- Enhancing our ability to carry out investment projects (project analysis, composition, execution and review)
- Establishing an “Investment Strategy Department” as a professional organizational unit for executing investments

3 Strengthening the organization and human resources

- Developing human resources who will be able to realize growth strategies
- Implementing personnel, evaluation, and award systems to improve employee motivation
- Streamlining consolidated Group management

Shareholder returns



Progressive dividends

This is a policy of keeping dividends higher than the previous fiscal year and not reducing them, regardless of business performance

More than the previous year's dividends

Note: The net profit figure of ¥6.47 billion for FY2012 is calculated based on IFRS (¥5.58 billion with Japanese standards). The Company began applying IFRS in FY2013.
Note: In FY2020, a commemorative dividend of ¥6 was paid separately (the consolidated dividend payout ratio includes the commemorative dividend).



We will steadily solidify our footing toward the goals of ENEX2030.

Director and Executive Officer
Chief Financial Officer, Chief Information Officer,
and Chief Operating Officer,
Corporate Administration Division I
Yasuhiro Imazawa

Looking Back on the Previous medium-term management plan

In fiscal 2022, the final year of the medium-term management plan SHIFT! 2022, the industrial business saw a significant increase in profits. This absorbed the significant decrease in profits in the electric power and utility businesses due to shrinking profit margins in the electricity retail business and a backlash to the one-time unrealized gains in the previous fiscal year. Net profit reached a record high for the eighth consecutive term. As a result, we were able to achieve most of the quantitative targets set for the two-year period of the plan.

Qualitatively, we have made steady progress based on our basic policy of “maintaining and expanding bases.” The number of LP gas customers of the Group increased by 13,000 to 565,000 during the period of the current medium-term plan due to the acquisition of LP gas companies, etc., realizing expansion of the commercial area. In our electric power business, digital technology was used to increase the number of customers of the Group by 81,000 to 334,000 during the period of the medium-term management plan. In the environment and energy field, in addition to expanding the implementation of renewable diesel, we worked to

strengthen our stable supply system by growing the value chain of AdBlue®, and continued to promote the solar power generation business.

At the same time, some strategic investments that would contribute to future growth were not achieved for the second consecutive year. The inflow of overseas funds and the soaring prices of renewable energy-related assets have continued against the backdrop of the depreciation of the yen. In light of the cost of capital envisioned by the company, many businesses were deemed to be overvalued, and as a result, we were unable to proceed from the previous fiscal year with strategic investments as planned. Furthermore, it is true that our investment system was not sufficient, so we still face the issues of improving our on-site capabilities and investment systems. Based on these achievements and reflections on the previous medium-term management plan, the Group has formulated the new medium-term management plan: ENEX2030 (FY2023-FY2030).

Background of the new medium-term management plan ENEX2030

While the Group's revenue exceeds 1 trillion yen, the net profit is 13.8 billion yen, indicating that the structure of

the Group is such that it is still centered on trade-based businesses. Our financial position continues to be sound, and despite receiving a very high credit rating from Japan Credit Rating Agency, Ltd. (long-term issuer rating: AA-, domestic CP rating: J-1+), we are unable to use that rating to take advantage of financial leverage. As a result, capital has accumulated, and in recent years, our net DER has been negative and our PBR has been below 1. We recognize that effectively utilizing this situation for strategic investment and shareholder returns as well as raising capital efficiency are issues for the Group.

To date, we have diversified our business portfolio by investing the cash generated stably by our core businesses, centered on the home-life business and the car-life business, in areas such as electric power and mobility. In the electric power business, having a variety of procurement sources, including procurement from major electric power companies in addition to in-house power generation, has ensured the stability of supply and earnings even though many new business operators have withdrawn due to soaring energy prices, and is one of our strengths.

On the other hand, many of the Group's businesses involve fossil fuels, and because it is expected that these energy sources will be reduced as part of efforts to solve the climate change problem, we must create new businesses through strategic investments. However, since such investments take a certain amount of time to produce results, we felt that it was necessary to indicate our long-term direction in order to gain the understanding of our shareholders and investors. Therefore, in the previous medium-term management plans, the plan period was set to two years, and the basic policy was to set targets that could be reliably achieved, but it was decided that ENEX2030 would present an eight-year, medium- to long-term roadmap extending to FY2030. Backcasting from the medium- to long-term goals, we have divided the plan into steps of two-year intervals and clarified the scenarios. Each step will continue to aim to reliably achieve management targets.

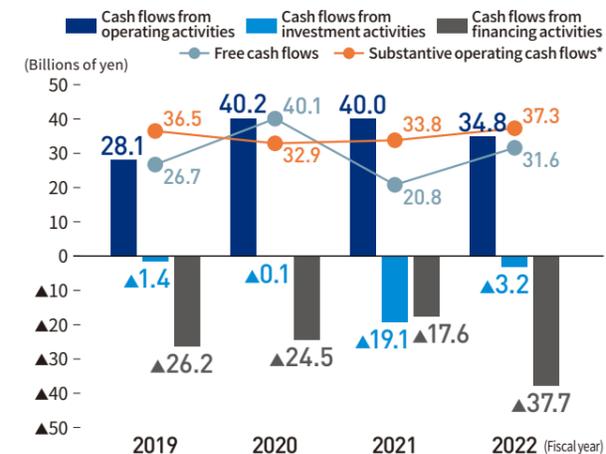
Quantitative targets and a roadmap

Under ENEX2030, we aim to create even more diverse energy services in areas where we can effectively utilize the knowledge and assets of our existing businesses. In particular, as we have the theme of “creating the driving force of life,” we plan to expand our area from B2B to B2C, as it puts us closer to our individual customers, utilizing DX. Through the evolution of such business models, we aim to achieve a net profit of 20 billion yen or more, substantive operating cash flow of 45 billion yen, and ROE of 9.0% or more as management targets for fiscal 2030. To achieve this, we plan to invest 210 billion yen or more in new strategic investments over eight years.

The first two years of ENEX2030 (2023-24) will be positioned as a stage to solidify the foundations for 2030, and as such we will promote the “enhancement of on-site capabilities,” the “evolution of the investment system,” and the “strengthening of the organization and human resources.” The next two steps (FY2025-26 and FY2027-28) are positioned as the “implementation of investment strategy” stage and the “investment acceleration stage,” but the specific policies are intentionally not specified.

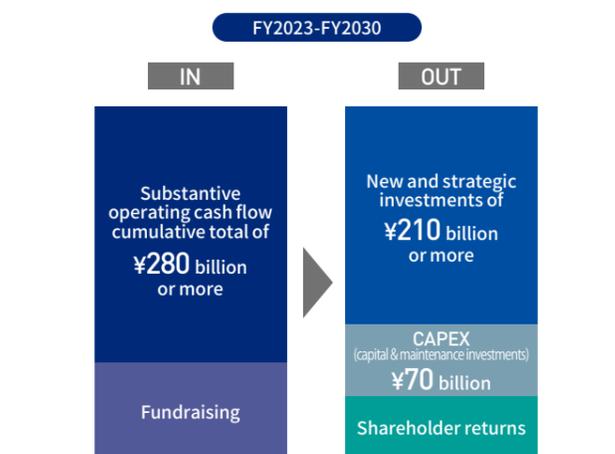
Decarbonization is an irreversible trend, but amid growing geopolitical risks, it is necessary to carefully consider the path to reducing demand for fossil fuels from the perspective of energy security. As for alternative energy sources, numerous variables such as policy, technology, and geopolitical factors are involved, making it difficult to foresee which renewable energies will become mainstream, whether it is hydrogen, ammonia, or other sources. With such an extremely uncertain future, if we invest too much capital in a specific business, we will incur a large loss if and when we are forced to correct the trajectory. Our company does not adhere to fixed strategies. Instead, it creates businesses flexibly according to circumstances. Being a downstream energy trading company that can freely choose what sales channels and

Cash flows

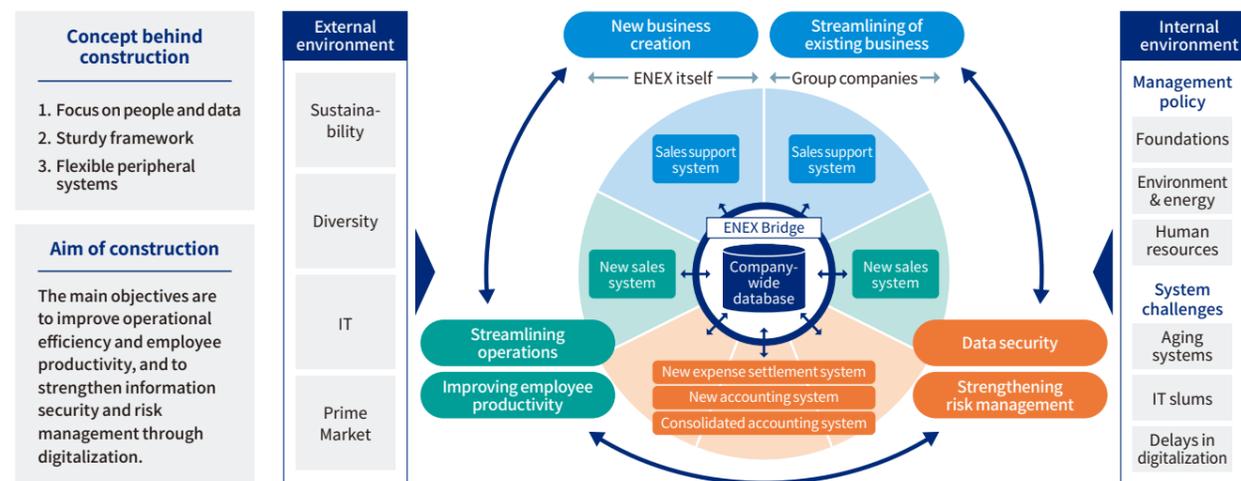


*Substantive operating cash flows: [Cash flows from operating activities] - [Fluctuation in working capital, etc.]

Cash allocation



Next-generation core system



merchandise to sell, this is our optimal strategy and why we do not detail our policies.

Basic policy of ENEX2030 '23-'24

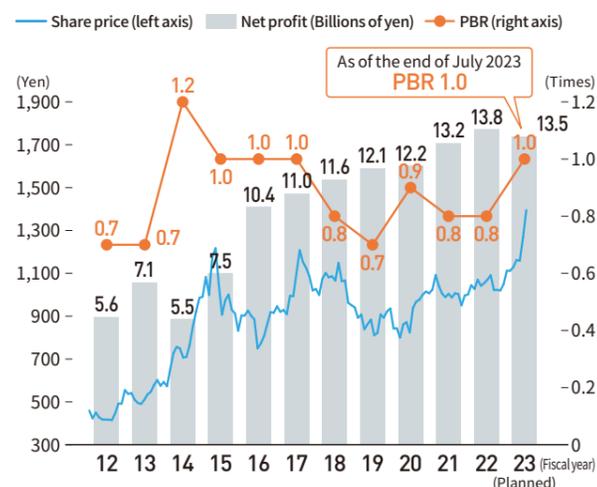
ENEX2030 '23-'24 is positioned as a two-year period to first solidify the foothold for the vision of 2030, so the management targets are not based on the assumption that they will exceed those of the previous medium-term management plan, and are set at figures that can be achieved with a high degree of certainty. Of course, we aim to exceed these targets. Over the next two years, we plan to invest 60 billion yen, including 16 billion yen in CAPEX (capital expenditure), out of the 35 billion yen in substantive operating cash flow generated each fiscal year.

Looking ahead to the next stage and beyond, as we

build a foundation for the purpose of improving our on-site capabilities, one thing we are devoting resources to is the creation of a foundation of a system for investments. Under the newly established Investment Strategy Department from fiscal 2023, we aim to develop investment professionals and have them practice. In addition, regardless of whether they are in a sales department or a managing department, we have started training in investment courses held in-house by inviting outside lecturers for highly-motivated employees, and we plan to train and increase the number of investment specialist employees to around 10% in fiscal 2023. By strengthening company-wide investment literacy in this way, we will invest in large-scale projects at the head office, while delegating authority for small-scale projects and establishing a system that allows these investments to be executed on-site. However, delegation of authority and risk management are two sides of the same coin, and we will strengthen our risk management system so that we can respond to the diversification of risks associated with the creation of new businesses.

DX will be an important theme in strengthening of on-site capabilities. In July 2023, as the first phase, the next-generation core system used as a common platform by 24 major group companies was successfully migrated to the cloud. We will also build a sales and customer management platform for the entire Group going forward, and in January 2025, we plan to begin operations of the sales support system and robust data system as part of the second phase. In the process of shifting our focus to B2C, this system promotes the efficiency of sales activities, discovers business opportunities from the consumer's perspective through data sharing between businesses. We expect that it will also be useful for the development of new services for consumers via the utilization of data. In addition to this system, we will enhance the comprehensive strength of the entire Group by supporting

Share price/net profit/PBR



Group companies through business infrastructures such as Group finance and risk management functions. At the same time, we intend to proceed without hesitation in exiting inefficient assets that remain below the cost of capital, and to improve the efficiency of our whole portfolio in conjunction with various measures.

While building a foundation for improving profitability over the medium term, at the same time we hope to improve capital efficiency by bolstering shareholder returns. We have continued to increase our dividends over the past decade. For the past five years, we have aimed for a consolidated dividend payout ratio of 40% or more. During ENEX2030 '23-'24, we remain highly conscious of the consolidated dividend payout ratio of 40% or more, and have adopted a new policy of implementing a "progressive dividend" in which the amount of the dividend will either maintained or increased, but not be reduced, regardless of the performance in individual fiscal years.

Meeting the expectations of stakeholders

We recognize that ESG-related initiatives are just as important as financial matters in achieving the goals of ENEX2030. In particular, in our global warming measures, which will have a major impact on the sustainability of the Group, we have set a target of reducing Scope 1/Scope 2 GHG emissions by 50% compared to fiscal 2018 levels by 2030. Just like our financial targets, we have set targets that we can achieve. We would like to steadily implement this through the utilization of alternative fuels and renewable

energy. As for Scope 3, we will continue to make slow but steady efforts through cooperation with our stakeholders, including those in our supply chain. In addition, the Group has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). We will identify the risks and opportunities that climate change poses to our business activities, disclose scenario analyses, and make efforts to strategically address climate change. Going forward, we will continue to conduct reviews and promote appropriate disclosures.

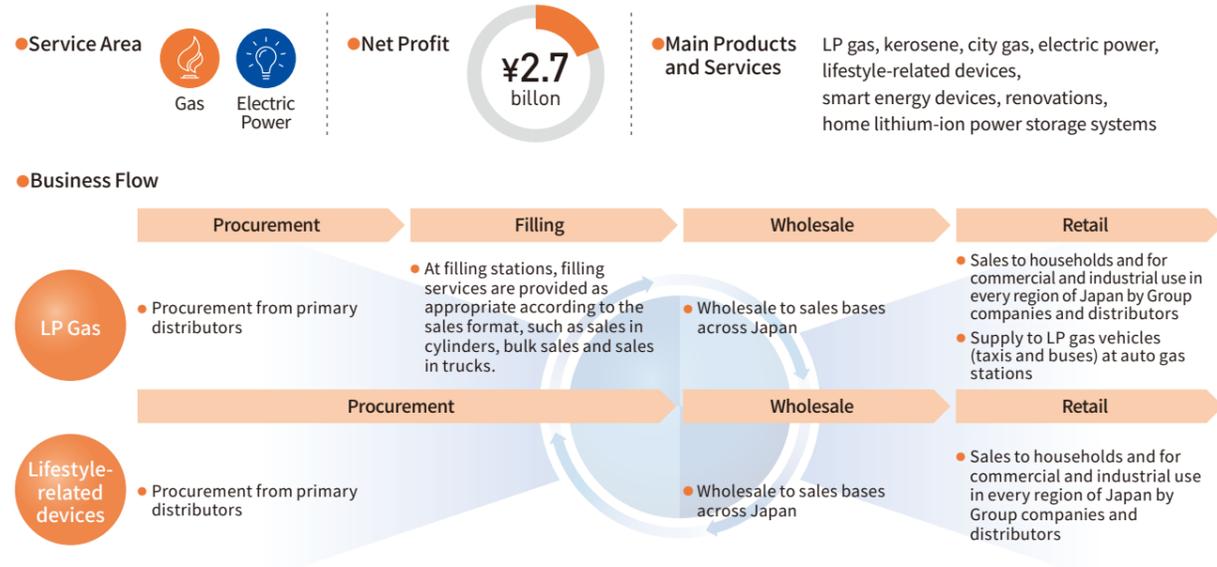
Promoting women's empowerment will be an extremely important theme for the Group as it develops businesses in the B2C realm. The target of 10% female managers by fiscal 2030 may seem low at first glance, but it is an achievable figure calculated based on the ratio since FY2010 when we started full-scale recruitment of new female graduates. Although we are already aiming for a 50% female employment rate, we have set a target of more than 30% after accounting for the retention rate. These are conservative figures that can be achieved with a high degree of reliability after forecasting the medium-term demographics within the company, and the policy is to further increase them in FY2030 and beyond.

In this chaotic business environment, rather than surrendering itself to major trends, the Group will respond flexibly according to the situation, and meet the expectations of shareholders, investors, business partners, and society. While doing so, we will make steady progress toward the goals of ENEX2030. I would like to ask all our stakeholders for their continued support.



HOME-LIFE DIVISION

We support secure, comfortable, and rich lifestyles by delivering LP gas, electric power, and a variety of smart energy solutions.



LP gas sales business



We sell LP gas to customers all over Japan. We deliver to 1.5 million households domestically.

LP gas primary distribution business



We have made an investment worth 20% of the shares in Japan Gas Energy Corporation, an LP gas primary distributor, and are building a business foundation to cover everything from import procurement to wholesaling and retailing.

Lifestyle-related services



We support comfortable and secure lifestyles through the sale of various equipment essential for living (including household appliances and equipment related to combustion, kitchens, air conditioning, etc.).

City gas sales business



The Group supplies city gas in Kyushu and some areas in the Kanto region.

Electric power retail business



Group companies deliver electricity to customers nationwide under the Group's "e-koto Denki" service system.

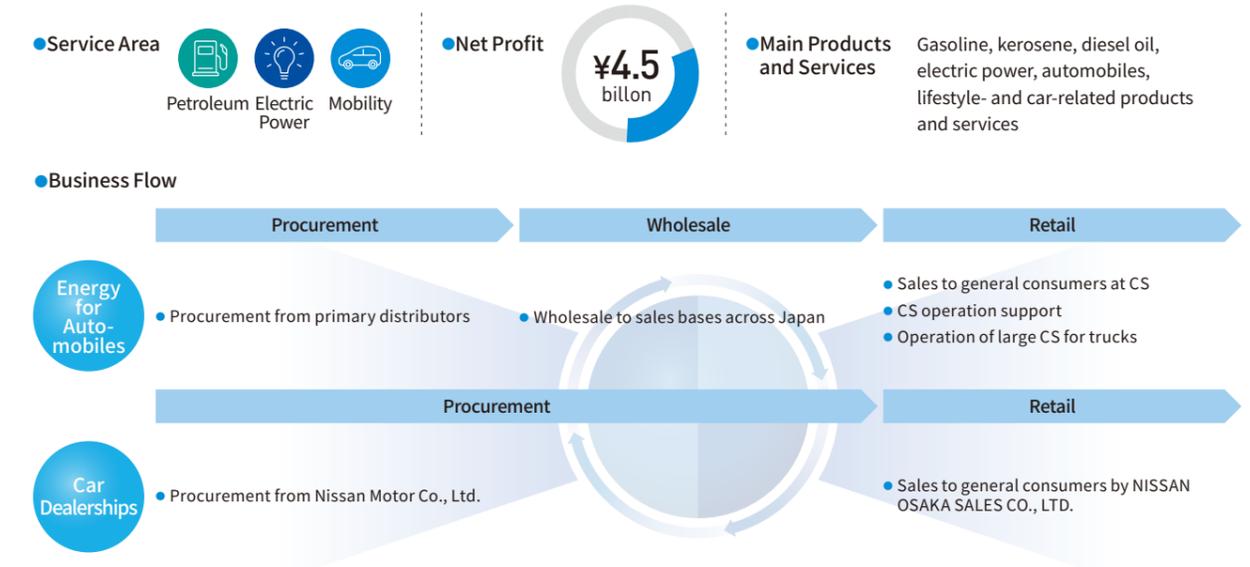
Overseas businesses



We operate LP gas sales businesses mainly in Southeast Asian countries, where future growth is expected.

CAR-LIFE DIVISION

We cater to every need related to "car life," aiming to build a society where people can live in comfort with cars.



Automotive energy sales business



At approximately 1,600 affiliated CS* locations nationwide, we offer various kinds of energy (gasoline, kerosene, diesel oil, automobile lubricating oil, etc.).

*An abbreviation of Car-Life Station, these are multi-service refueling stations produced by the Company.

Car dealership business



Group company NISSAN OSAKA SALES CO., LTD. is one of the largest Nissan Motor-affiliated dealers in Japan and is the only Nissan Motor-affiliated dealership in Osaka Prefecture, selling new and second-hand cars and offering service and maintenance.

Truck business



ENEX FLEET CO., LTD. a Group company, operates Fleet CS, mainly for trucks and buses. The company has also entered the truck body alteration business, expanding its truck peripheral business.

Consulting support for CS



We support sales outlets through our consulting service with our experience and expertise in operating CS.

Electric power retail business



We offer a service called "Nissan car + Nissan Osaka e-denki," developed jointly by NISSAN OSAKA SALES CO., LTD. and ENEX LIFE SERVICE CO., LTD.

Overseas businesses



Through acquisition of a 25% share of IP&E Palau, Inc., we entered the petroleum product import, wholesale, and sales business in the Pacific region. ENEXFLEET Vietnam Co., Ltd. operates a car wash and car care business in Vietnam.

INDUSTRIAL BUSINESS DIVISION

From asphalt and marine fuel to environmental products, we deliver various forms of energy that support the foundations of industry and distribution.

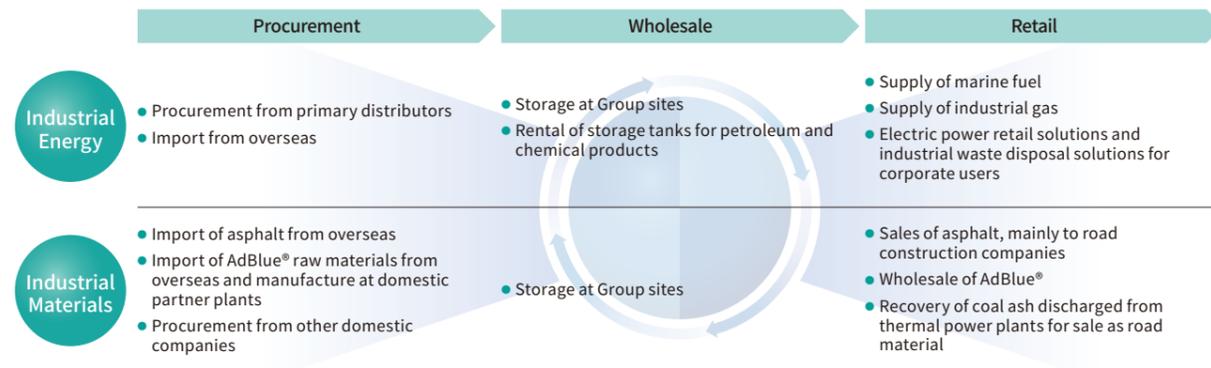


- Service Area
 - Gas
 - Petroleum
 - Electric Power



- Main Products and Services
 - Asphalt, marine fuel, import/export of petroleum products, terminal tank rentals, industrial gas, AdBlue®, GTL fuel, renewable diesel, and recycling of incinerated ash

●Business Flow



Asphalt sales business



We supply asphalt as an industrial material to our customers, using our nationwide sales network and our own supply network.

Environmental product sales and service business



We pioneer and sell next-generation energy sources, including AdBlue®, which decomposes and detoxifies exhaust gas from diesel vehicles, GTL (Gas to Liquids) derived from natural gas, renewable diesel made from waste cooking oil, liquefied natural gas, etc.

Marine fuel sales business



We sell marine fuel and marine lubricating oils at major ports in Japan and overseas. We also operate a supply business for marine LNG fuel in cooperation with Kyushu Electric Power Co., Inc., Nippon Yusen Kabushiki Kaisha, and Saibu Gas Co., Ltd.

Industrial gas sales business



We sell industrial gases (oxygen, nitrogen, argon, sterilization gases, etc.) used in all kinds of fields. We also provide a gas container pressure inspection service and related supplies.

Petroleum product trading business



As the core of the ITOCHU Group's domestic petroleum product trading, we engage in petroleum product imports/exports and domestic sales (domestic supply and demand adjustment transactions).

Terminal business



We have two facilities that can store petroleum and chemical products, with which we can respond to customer needs efficiently and quickly.

POWER & UTILITY DIVISION

We operate electric power-related and district heating businesses in pursuit of energy conservation, comfort, and economic efficiency.

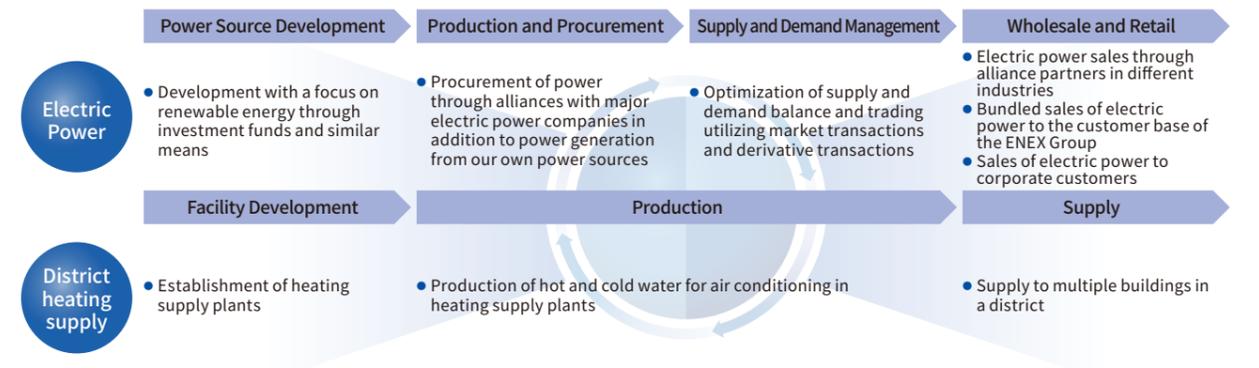


- Service Area
 - Electric Power
 - Mobility



- Main Products and Services
 - Power generation (solar power, hydroelectric power, coal-fired power, natural gas-fired power), steam, district heating, comprehensive energy services, power supply and demand management, asset management business, car rentals

●Business Flow



Power generation business



Leveraging our good mix of power generation facilities (solar, hydro, coal-fired, and natural gas-fired), we operate a power generation business that seeks to achieve both economic efficiency and environmental sustainability.

Electric power retail business



Together with Group companies ENEX LIFE SERVICE CO., LTD. and Oji-ITOCHU ENEX power retailing Co., Ltd., we operate electric power sales networks in various areas to serve diverse customers.

District heating supply service business



Group company Tokyo Toshi Service CO., LTD. produces hot and cold water for air conditioning in its heating supply plants and supplies the water to buildings via local pipelines.

TERASEL Solar Service Business



This is a flat-rate service enabling customers to use electric power generated by our solar power generation system installed on their premises for their own consumption. It reduces CO₂ emissions and energy costs.

Biomass power generation business



Together with Oji Green Resources Co., Ltd., we operate a biomass power plant that uses forest resources and agricultural residues as fuel. We will continue to work towards the development of power sources that contribute to the realization of a low-carbon society.

Overseas businesses



We established two companies, ITC ENEX Southeast Asia Co., Ltd. and ITC ENEX (Thailand) Co., Ltd., in Bangkok, which operate solar power and renewable energy businesses.

HOME-LIFE DIVISION



We aim to provide added value in the form of new products and services by leveraging our nationwide customer base.

Director and Senior Managing Officer
Chief Operating Officer, Home-Life Division
Kyosuke Wakamatsu

Social issues and needs

In the future, it is expected that the declining birthrate, aging population and resulting decrease in the number of households will only continue in Japan. As a result, the domestic LP gas market is shrinking, and a major issue is how we can leverage our customer base and sales network that enable us to deliver gas throughout the country.

We recognize that there is a demand for mechanisms and systems that utilize the disaster-resistant strengths of LP gas to provide a stable supply of energy in the event of emergencies. In addition to providing energy, we aim to realize a society where people in the community can live with peace of mind by offering a variety of lifestyle-related services.



Strengths

- A stable customer base spread across the country and a sales network established by Group companies
- An integrated logistics system from upstream (import terminals) to downstream (ordinary households nationwide)



Issues

- Providing added value in the form of new products and services amid shrinking domestic LP gas market
- Meeting the increasing demands of the spread of IT, digitalization, and DX (digital transformation)

Strategies by product/business

LP gas sales business	In addition to furthering M&A projects and efforts to acquire new customers, we will thoroughly strengthen our LP gas security operations, develop a customer database, and simultaneously pursue better sales promotion and operational efficiency to expand our business.
Lifestyle-related services	We will promote smart energy devices such as household storage batteries, and facilitate cooperation and synergies with other divisions. We will consider developing new subscription options for LP gas customers.
New businesses	We will consider alliances with a wide variety of companies to strengthen our business network from the perspective of the living environment, disaster response, security, and circular economy.

FY2022 initiatives

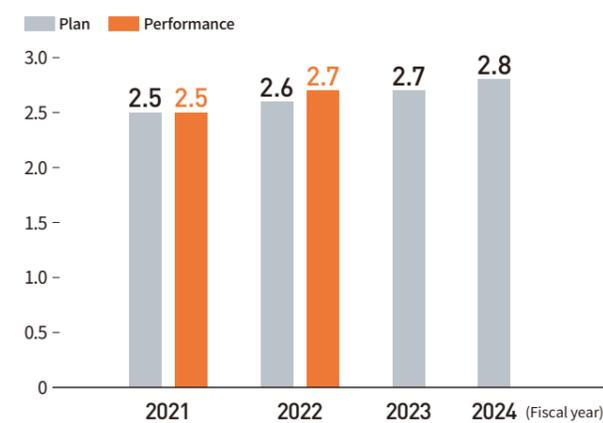
In FY2022, we continued with M&A and proactive sales activities in the Kanto and Chugoku/Shikoku areas, which allowed us to steadily increase the number of LP gas direct sales customers, increasing by about 8,000 households from the previous fiscal year to about 565,000 households. In addition, we have been promoting the installation of LPWA devices. With our acquisition of certification as a Gold Security Certified Operator (First Class LP Gas Distributor), we have re-examined our business bases, and as a result have expanded our sales areas. Gold Security Certified Operator certification can be acquired by LP gas distributors that have been certified as working to implement advanced security systems to ensure consumer safety, such as introducing a centralized monitoring system. With the acquisition of this certification, we have also streamlined our operations. Furthermore, we have been promoting the digitalization of our core businesses. For example, we have established IO (integrated operation) centers nationwide to expand the CRM (customer relationship management) system, advance the implementation of SFA (sales force automation) for field sales staff, and digitize customer contact points and the movement of sales staff. In addition, we have been working on new businesses such as a hot water heater quick assist service and meal delivery service.

Strategies and priority areas going forward

We will continue to actively bolster our LP gas customer base, which is an important asset of the Division and one of the strengths of the Group as a whole. In addition to acquiring new customers, we aim to improve customer satisfaction by re-examining and analyzing the existing customer database. We will also promote further quality improvement and digitalization of security operations, which are essential to our business operations. In addition, we want to go forward with the creation of new businesses in different fields, without being constrained by existing



Net Profit (Billions of yen)



businesses. With the social environment undergoing drastic changes, we recognize the need to earnestly work on the transition to a decarbonized society in the future. As such, we will focus on initiatives that contribute to the reduction of CO₂ emissions, such as the sale of carbon neutral LP gas, which began in the previous fiscal year. In addition to making our organization a flexible and strong one that is not afraid of change or crisis, we will strengthen our systems so that we can respond quickly and flexibly to future industry restructuring and business alliances with other industries.

Expand and Connect

A Group company started a meal delivery service for the elderly

In April 2023, ITOCHU ENEX HOME-LIFE NISHI-NIHON CO., LTD., a Group company, started a meal delivery service for the elderly. As the makeup of Japanese society increasingly comprises the very elderly, this is a service that provides prepared meals delivered by hand to the elderly in the community, making it possible to confirm their safety and engage in valuable communication. This is one of the new initiatives that can take advantage of our LP gas customer network, and we would like to consider developing new services rooted in local communities like this in the future.



CAR-LIFE DIVISION



We will transform our portfolio and aim for a strong organizational structure that can respond to the demands of a decarbonized society.

Director and Managing Officer
Chief Operating Officer, Car-Life Division
Tsukasa Motegi

Social issues and needs

With the move toward a decarbonized society, the consumption of petroleum products is expected to continue to decline. The challenge is how to create centers that can supply not only petroleum products but also EVs and FCVs (fuel cell vehicles). Meanwhile, the development of “resident base service stations” with in-house power generators, intended to function as disaster response centers, is proceeding under the leadership of the Agency for Natural Resources and Energy. With the Group’s 136 disaster response stations equipped with emergency power generators to maintain refueling functions, we have established a system that can contribute to the local community in the event of an emergency. I believe that it is our mission to transform Car-Life Stations into comprehensive energy bases that can respond to the various needs of the community, including, but not limited to, needs in times of disaster.



Strengths

- Stable customer base and sales network centered on Car-Life Stations (CS) nationwide
- Automotive business network centered on car dealers and car auctions



Issues

- Responding to a decarbonized society, EVs, and hybrid vehicles
- Creation of new peripheral businesses in the petroleum business and mobility business, and development of new fields and new areas by leveraging the customer base

Strategies by product/business

Petroleum wholesale business	In addition to growing the customer base of the Division, we will expand the business to make car accessory sales one of the pillars of earnings.
Petroleum retail business	In the fleet business, we aim to expand the fleet network through new store openings and business alliances, build mobility-related businesses, and develop services specialized for specific areas.
Mobility business	We will study business alliances such as M&As to rebuild our car dealership network and expand our mobility business, and focus on highly profitable trucks and construction vehicles.

FY2022 initiatives

In the petroleum product sales business, ENEX FLEET CO., LTD., Kokura Enterprise Energy Co., Ltd., and Enex Petroleum Sales Nishi-Nihon Co., Ltd. were merged in April to form the new ENEX FLEET Co., Ltd. By optimally allocating the management resources of the three companies, we will promote efficiency by expanding the scale of the businesses, and further accelerate the expansion of the scope of the mobility-related businesses we are focusing on. In addition, we launched an online shop called the “Ene Store,” which sells car accessories. Aiming to improve productivity by streamlining operations, we made the transition to online orders and invoices, and otherwise promoted operational efficiency through the use of IT and digital technology.

In the mobility business, we are investing in stores in the car dealership business and expanding the truck purchase and sales business centered on ENEX FLEET CO., LTD. Furthermore, we have fully entered the car auction business and are expanding the foundations of our truck value chain.

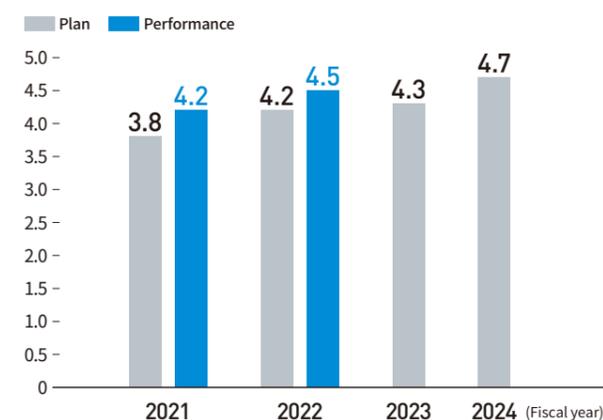
In addition, we are exploring new businesses using test stores. In Vietnam, we have continued to grow ENEXFLEET Vietnam Co., Ltd., which operates a car care business.

Strategies and priority areas going forward

We will continue to expand the petroleum business and mobility business, which are the two pillars of this Division. In the petroleum business, we will maintain and expand our customer base while expanding the scale of our car accessory sales business and developing area-specific services that leverage that customer base. In addition, we will consider business alliances to expand the fleet refueling network and develop services that take advantage of the characteristics of each area. In the mobility business, we will focus on bolstering car auctions as well as car purchases and sales. The mission of this Division in a decarbonized



Net Profit (Billions of yen)



society is to transform into a strong organizational structure that does not rely solely on fuel sales. In order to expand the mobility business domain for that purpose, it is essential that we undergo digital transformation (DX). To that end, we will actively study the creation of new mechanisms. As we expand our peripheral businesses, opportunities to engage in M&As are increasing, so we will also promote the development of human resources with all kinds of specialized knowledge.

Expand and Connect

Efforts at Car Enex Yugawara

In December 2021, Car Enex Yugawara, a Car-Life Station, was renovated to test a new model of service center where customers can use and obtain Rakuten Points in a variety of ways. This initiative seeks to link customers visiting the outlet for “real-world” services with the virtual world of various online services such as enrolling in electric power plans or insurance. Over this trial, we have been able to see customer trends through the use of the point economic zone*, and we will continue to hold events that match these trends in order to acquire new customers, including those of the younger generation.



* Point economic zone: Giving consumers special points that can be used across multiple partner companies and services encourages further consumption of partner company services and functions to corral many consumers in the same commercial zone.

INDUSTRIAL BUSINESS DIVISION



We will ramp up the construction of various systems to pursue multiple goals at the same time, as well as our core business and new businesses for the next generation.

Executive Officer
Chief Operating Officer, Industrial Business Division
Hirofumi Chimura

Social issues and needs

While there is a demand for reducing environmental impact, economic rationality is also an important point for each industry to continue their businesses. Under these circumstances, as a division that handles a wide variety of products, we realize that we must offer products that are suited to each customer's needs. At the same time, we offer products such as asphalt for which we can expect a certain level of demand in the future, and have businesses such as the tank terminal business that will have the same functions of storing and delivering even if the type of fuel changes. I believe that the mission of this Division is to stably supply what customers want and need, with a wide range of options in anticipation of future decarbonization needs.



Strengths

- Comprehensive solutions consisting of diverse products such as asphalt, industrial gas, environmental products, automobile fuel cards for corporate customers, etc.
- Solutions and sales know-how in environment-related businesses such as AdBlue®, renewable fuels, and GTL fuels



Issues

- Accumulation of knowledge and expertise on new technologies and new products, and the creation of functions and human resource systems
- Partnerships through collaboration and cooperation with other companies when considering further business development

Strategies by product/business

Asphalt sales business	Asphalt is a cyclical resource that can be reused repeatedly, and since a certain level of demand will continue in the future, we will focus on stable supply.
Ship fuel sales business	We will propose a wide range of options so that we can supply the optimal fuel according to the ship size and route, while also considering environmental products.
Terminal business	Even if the fuel changes due to decarbonization, we will continue to perform the role of storing fuel and delivering it when needed, and will expand our tank capacity according to demand.
Environmental products and new businesses	Utilizing the knowledge and expertise gained through existing businesses, we will study potential niche peripheral businesses.

FY2022 initiatives

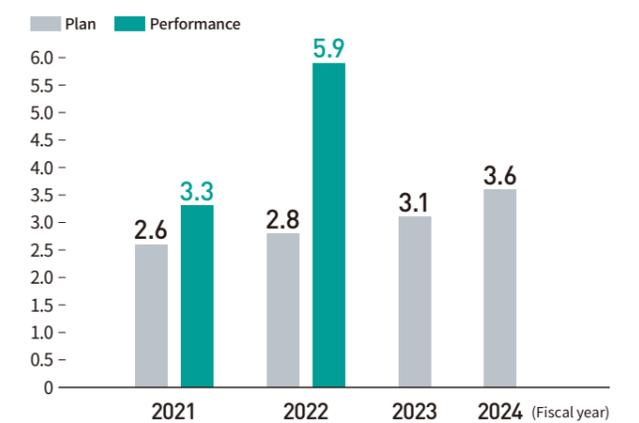
In FY2022, we advanced our environment-related business. We are developing a supply system for a renewable diesel gaining attention as an alternative fuel to diesel oil, and working on various implementation projects, such as the first use of it in Japan as ship fuel and its adoption for passenger buses. In addition, it has been adopted on a trial basis as a CO₂ reduction measure in the construction work and transportation for the Expo 2025 Osaka, Kansai scheduled to be held in 2025, and demonstration tests for the Expo have begun. We have increased our supply bases for AdBlue® to 26 nationwide. AdBlue® is an environmental product that detoxifies nitrogen oxides (NO_x) when sprayed on the exhaust gas emitted by diesel engines. Furthermore, leveraging the energy handling know-how that the Group has garnered so far, we have started full-scale deployment of GHG emissions “visualization” support services together with the Bank of Yokohama, Ltd. and Zeroboard Inc. In our existing businesses, we have bolstered our foundations. For example, we decided to increase the number of asphalt tanks, decided to invest in industrial gas container inspection equipment, and constructed ship fuel refueling ships.



Strategies and priority areas going forward

With the pursuit of multiple goals as at the same time as a guiding principle for our division, our policy is to expand both core businesses as well as new businesses that will be relevant for the next generation. Currently, there is still room for growth in core businesses such as asphalt, ship fuel, AdBlue®, terminal operations, industrial gas, and corporate refueling cards, which our sales departments are working on. Meanwhile, amid the trend toward decarbonization, new needs are emerging, and I think this is an opportunity to address them. I think there are opportunities right next to the perimeter of

Net Profit (Billions of yen)



existing businesses. The key is to expand our business areas beyond existing boundaries by focusing on our core businesses and carbon-neutral fields, including next-generation fuels. To that end, I believe that a sense of organizational unity is important. We will strengthen cooperation not only for each product, but also for each region and each field. To develop structures to meet our 2030 goals, we will strengthen our ability to collect and analyze information, improve efficiency through digitalization, and secure and train human resources.

Expand and Connect

The Group forms a capital and business alliance agreement with OpenStreet Co., Ltd.

In April 2023, we concluded a capital and business alliance agreement with OpenStreet Co., Ltd. (hereinafter “OpenStreet”). OpenStreet provides a platform for micro-mobility sharing services, such as a bicycle sharing service that utilizes electric bicycles, in order to solve urban transportation issues and promote regional revitalization. Through this capital and business alliance, we will explore the possibility of cooperation and collaboration with OpenStreet's micro-mobility sharing service, which is excellent in terms of environmental performance, and try to find ways to leverage this partnership for new businesses that make use of our group's business foundations and customer base.



POWER & UTILITY DIVISION



We will provide services that meet the needs of the times, advocating for both decarbonization and economic efficiency.

Executive Officer
Chief Operating Officer, Power & Utility Division
Fumiya Tanaka

Social issues and needs

All kinds of events are occurring in the world, but recently there has been a sudden increase in opportunities to think about energy and food stability. It is also true that changes are occurring in our peaceful lives that have been taken for granted until now, and we are starting to feel anxious. In this environment, I believe that the mission of this Division is to contribute to the stability of people's lives by promoting renewable energy power generation that is not affected by changes in the world's energy situation, storage batteries that adjust for the supply and demand of electricity, and demand response efforts. We will provide services that match the times, as the era of consumption is transitioning to the era of energy conservation and the sharing economy.



Strengths

- Integrated system covering everything from power generation (solar, hydro, coal-fired, and natural gas-fired) to supply and demand adjustment and power sales
- Networks and connections with regional businesses that have strong customer bases



Issues

- Ability to respond flexibly to system changes and changes in the supply and demand environment, and efforts to realize a low-carbon society
- Providing added value in electric power retail and services, maintaining market competitiveness, and expanding overseas electric power-related businesses

Strategies by product/business

Electric power sales business	We aim to further expand the Group's customer base by promoting digital transformation while utilizing electric power as a product that bundles our customer bases in petroleum, gas, and mobility.
Power generation and supply/demand business	We will strike a balance between reducing the costs of electric power procurement and supply and enhancing environmental value while pursuing more sustainable generation businesses using solar power and storage batteries, all the while boosting our ability to adjust for supply and demand.
New services	We will study the creation of new services, including a service that make saving electricity and reducing electricity costs fun and convenient, and services that combine TERASEL products.

FY2022 initiatives

In FY2022, we strived to maintain and expand the customer base of each Division that the Group has built up to date. To this end, we launched three services in what we call the TERASEL Series: "TERASEL Denki," which is an electric power sales service for households, "TERASEL Solar," which is a solar power service for businesses, and "TERASEL Car Share," an EV car sharing service. In the electric power retail business, the number of Group electric power customers has increased to approximately 320,000 thanks to efforts to gain customers using digital technologies, and we will continue to expand our customer base.

Driven by the principle of pursuing both decarbonization and economic efficiency, we have also advanced initiatives that are environmentally conscious. A new hydroelectric power plant in Joetsu and a biomass power plant in Tokushima have started commercial operations. At a coal-fired power plant in Hofu, we conducted a demonstration experiment aimed at reducing CO₂ emissions and improving efficiency by co-firing carbon-neutral woody biomass with coal.

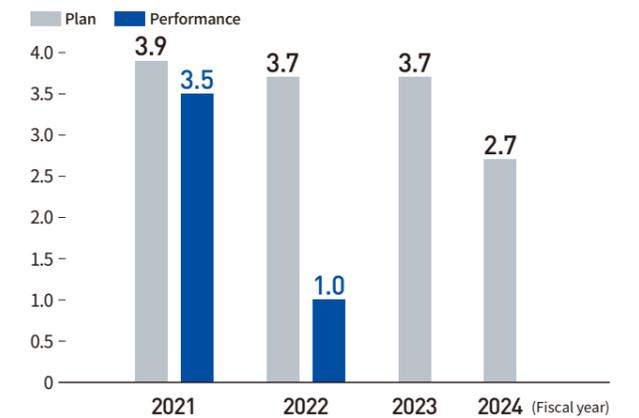
We are also promoting the implementation of solar power generation services for self-consumption, and have introduced them in various places such as home improvement stores and logistics facilities.

Strategies and priority areas going forward

The stated universal mission of this division has been to achieve both decarbonization and economic efficiency. A considerable amount of time has passed since people began to call for a decarbonized society and a reduction in the environmental burden. That said, we cannot adopt everything that is good for the environment. We must work for the benefit of the companies and customers who have adopted our Group's products and services. We recognize that it is important to come up with the best solutions that can achieve a balance of both. Regarding storage batteries and demand response, we will strengthen our efforts together with solar power generation.



Net Profit (Billions of yen)



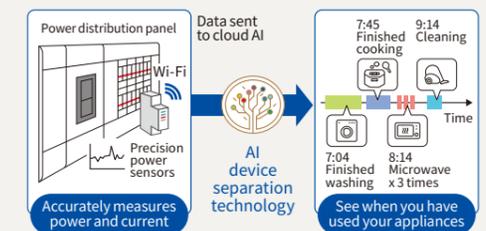
Electric power is a relatively new product for the Group, but it is essential to people's lives and will not disappear in the future. The Group aims to provide a stable supply of electric power while taking advantage of its strengths, including the ability to use electric power to connect the customer base that it has cultivated so far, the ability to deliver energy through an integrated system from power generation and supply/demand adjustment to sales, and the fact that the Group as a whole has various products and services. We will also consider various business alliances and M&As to achieve the targets of the medium-term management plan.

Expand and Connect

Investment in and conclusion of business alliance agreement with Informatis

In June 2023, the Company decided to invest in and form a business alliance with Informatis Co., Ltd. (hereinafter "Informatis"). Informatis uses its cutting-edge and unique AI technology (household appliance separation and estimation technology*) to analyze the usage status and identify the models of individual home appliances and electrical equipment, forecast demand, etc. It provides services such as advanced power use visualization, optimal control of energy, and monitoring for ordinary households. We will study the possibility of offering new services and solutions by fusing our Group's customer base and knowledge of the electric power business with Informatis' unique technologies.

* Household appliance separation and estimation technology: A technology that separates power waveform data using an AI algorithm and "visualizes" power consumption by device



Sustainability at the ITOCHU ENEX Group

Under the Corporate Philosophy, “The best partner for life and society—with Energy, with the Car, with the Home,” the ITOCHU ENEX Group has delivered a stable supply of energy and services to the benefit of all for more than half a century. To address the rapid transition toward a decarbonized society, the Group swiftly began taking action in environmental, next-generation energy, and other businesses. In 2021, we formulated our Sustainability Policy and identified material issues to be given priority (shown below). The entire Group is accelerating efforts to solve these sustainability issues over the medium to long term.

Sustainability Policy

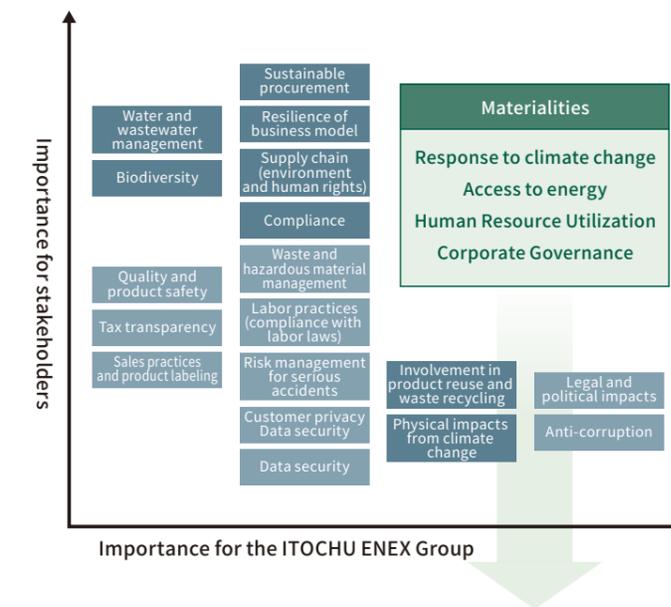
The ITOCHU ENEX Group has a mission of delivering energy and services as a **“The Best Partner for Life and Society”** and will aim to **improve our corporate value** while contributing to **the development of a rich life for people and a sustainable society.**

- 1 Contributing to a carbon neutral society through our business
- 2 Contributing to rich communities through a stable energy supply
- 3 Establishing a governance system stakeholders can rely on

Material Sustainability Issues (materialities)

Based on our Sustainability Policy, we have identified priority sustainability issues (materialities). Through initiatives to address these issues, we will contribute to the creation of a sustainable society and strive to further enhance our corporate value. In addition, the Sustainability Committee will manage the progress of initiatives related to material issues.

Material Issues for the Group



Process for Determining Materialities

- STEP 1 Identifying issues
Identifying issues relevant to us from among evaluation criteria from ESG evaluation bodies (including FTSE, MSCI, SASB, SDGs, and GRI)
- STEP 2 Setting priority from external perspective
Setting the Group's priority of the 31 identified issues from the perspective of stakeholders (society) based on the evaluation weight of ESG evaluation bodies, etc.
- STEP 3 Setting priority for us
Members of the Sustainability Committee and the divisions devoted to sustainability discuss the identified issues and set the order of priority for the ENEX Group
- STEP 4 Identifying materialities
A matrix was used to evaluate the two axes of priority, namely priority for stakeholders and priority for the ENEX Group, and four issues of particularly high importance were identified as materialities. The appropriateness of the issues is scrutinized by the Management Advisory Conference before approval is given by the Board of Directors

Materialities	Response to climate change Contribution to the realization of a carbon-neutral society	Access to energy Offering energy to everyone	Human Resource Utilization Human resource strategies to generate diverse values	Corporate Governance Clear, effective and fair decision-making
Major opportunities	<ul style="list-style-type: none"> Expansion of the alternative fuel market and increase of sales opportunities accompanying the rising demand for alternative fuels Creation of opportunities to construct infrastructure for hydrogen and other new energy sources Rising demand for renewable energy and creation of new business opportunities Expansion of markets where businesses have the potential to solve social issues 	<ul style="list-style-type: none"> Expansion of business supported by the trust of the local community and the entire supply chain Provision of an environment in which customers can choose from diverse forms of energy, including alternative energy Entry into regions where access to energy is underdeveloped Retention and acquisition of customers by strengthening the disaster-resilient supply structure Earning the trust of customers and the creation of new businesses through the stable supply of environmentally-friendly resources and materials 	<ul style="list-style-type: none"> By creating a rewarding work environment, we will increase labor productivity, improve health and motivation, acquire talented human resources, and strengthen our ability to respond to changes and business opportunities 	<ul style="list-style-type: none"> By establishing a robust governance system, we will improve the transparency of decision-making, respond appropriately to changes, and establish a foundation for stable growth
Major risks	<ul style="list-style-type: none"> Weakening of the existing energy businesses Reduction of demand for fossil fuels due to the regulation of businesses' greenhouse gas emissions, etc. 	<ul style="list-style-type: none"> Loss of customer base due to deteriorated relationships with local communities Instability of business due to insufficient energy procurement 	<ul style="list-style-type: none"> Lower labor productivity, flight of talented human resources, loss of business opportunities, higher health-related costs, and other risks resulting from a failure to appropriately respond 	<ul style="list-style-type: none"> Risks of business discontinuity associated with the dysfunction of Corporate Governance and internal controls, unexpected losses, and other risks
Relevant SDGs				
Areas of initiatives	<ul style="list-style-type: none"> Alternative fuels Renewable energy Electric vehicles Energy solutions for storage batteries / household products Other environmental businesses Reduction of environmental impact within the organization Environmental management <p>For details, see P.48-49</p>	<ul style="list-style-type: none"> Relationships with local communities Disaster prevention initiatives Business continuity (BC) measures Disaster mitigation measures in collaboration with other companies Comprehensive cooperation with communities Access to energy Stable supply of energy and services CS (Car-Life Stations) <p>For details, see P.4-5</p>	<ul style="list-style-type: none"> Diversity, equity and inclusion Health and safety Human resource development Social contribution activities <p>For details, see P.50-53</p>	<ul style="list-style-type: none"> Corporate Governance Strengthening the functionality of Board of Directors Increasing stakeholder engagement Operating committees appropriately Enhancing Group governance Enhancing risk management <p>For details, see P.58-66</p>

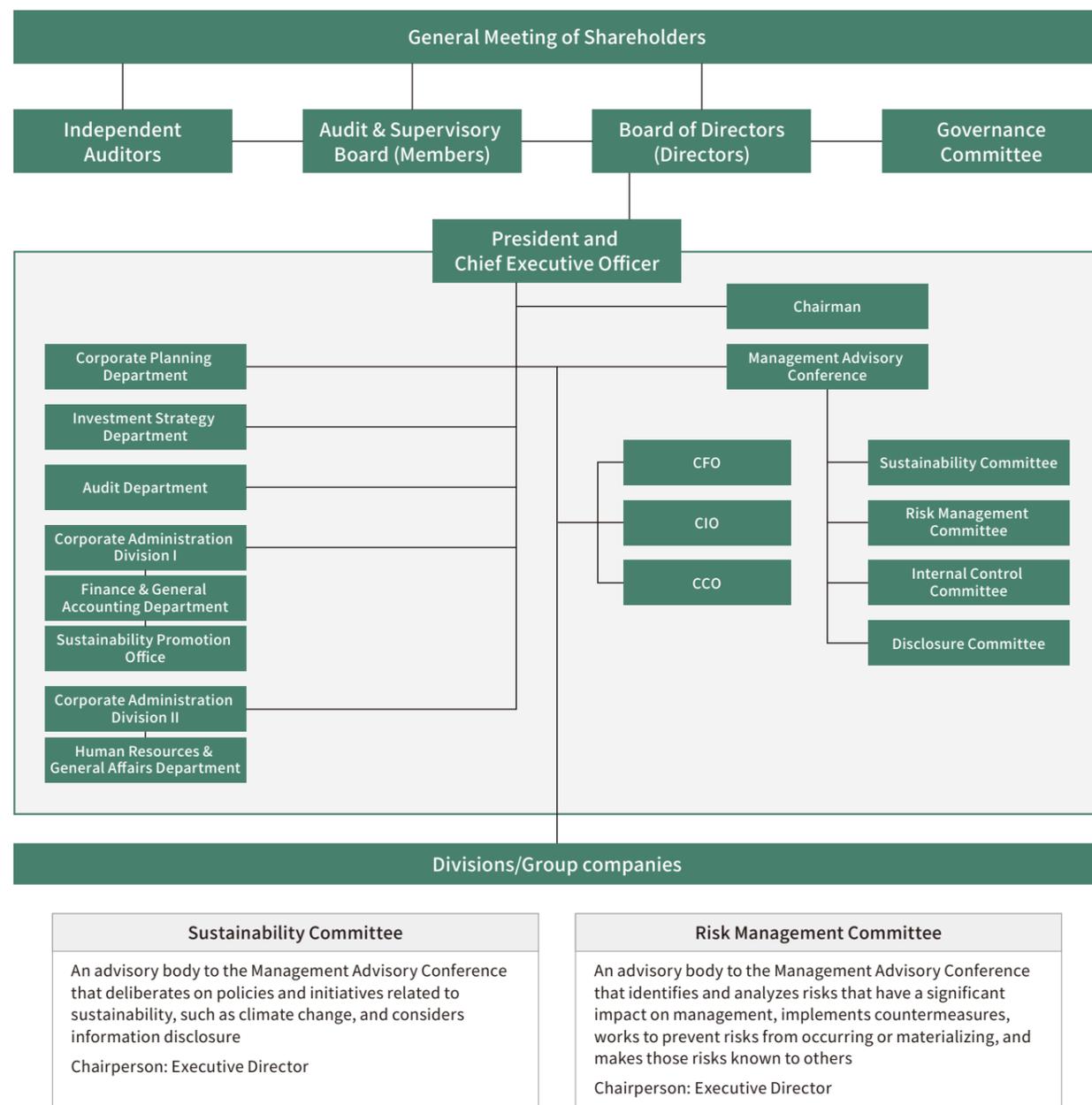


Sustainability Governance

The Company established the Sustainability Committee in 2021 to deliberate and monitor the sustainability issues of the Group as a whole from a long-term perspective. In FY2022, discussions were held mainly on climate change-related matters (seven meetings were held). An Executive Director serves as the chairperson of the Sustainability Committee, and important issues are mainly discussed at the Management Advisory Conference, reported to the Board of Directors as appropriate, or approved by the Board of Directors as necessary. In addition to attending meetings

of the Board of Directors and Management Advisory Conference meetings, the chairperson also serves as chairperson of the Risk Management Committee, reflecting the perspective of sustainability in business strategy and company-wide risk management. We are building a system for each organization to swiftly implement sustainability measures, where heads of functional departments are appointed as members of the committee, and the general managers of sales divisions participate as necessary.

Governance system for sustainability (as of April 2023)



Risk management

Under our company-wide risk management system, the Risk Management Committee, an advisory body to the Management Advisory Conference, identifies and evaluates risks that could have a major impact on management and business as priority risks. The Sustainability Committee plays a central role in discussing and monitoring both climate change risks and opportunities, conducts deliberations on both strategy formulation and individual business management, and discusses these chiefly at the Management Advisory Conference. It also makes reports

to the Board of Directors as necessary. In addition, while delegating discretionary powers to each business division to facilitate prompt decision-making, we have implemented a system in which projects are screened in a project deliberation council based on the scale and conditions of business projects. When considering important investments and loans, an ESG due diligence checklist is used to conduct impact assessments of environmental risks, including climate change, as well as human rights, labor environments, and health and safety.

Response to climate change

—Contribution to the realization of a carbon-neutral society—

The Group has set medium- to long-term CO₂ emissions reduction targets for 2030 and 2050, and through its businesses, contributes to the reduction of CO₂ throughout society and to the realization of a decarbonized society.



*Scope: Non-consolidated + consolidated subsidiaries, with the target standard year of 2018.

Efforts in our group's businesses to achieve our targets

Environmental Business & Management

Future society & living by

Alternative fuel	GTL fuel / renewable diesel / hydrogen / ammonia / LNG / carbon neutral LP gas / SAF (sustainable aviation fuel) / e-fuel (environmentally-friendly synthetic fuel)
Energy saving	Heat supply / high-efficiency equipment for LPG / smart devices / sales of EVs / infrastructure development for EVs / EV car sharing / use of waste batteries / micro mobility
Renewable energy	Hydroelectric power generation / solar power generation / biomass power generation / PPA (solar power purchase agreements) / agrivoltaics / storage battery-related
Recycling and Other	Incinerated ash recycling / support for visualization of CO ₂ / AdBlue® / research into soybean cultivation using CO ₂ / environmental management ISO 14001 / reduction of own environmental impact / blue carbon / efforts at disaster prevention and mitigation

Disclosure based on the TCFD recommendations

We recognize the importance of climate-related financial information disclosure and have expressed our support for the TCFD* recommendations. In addition, based on the philosophy embodied by the TCFD recommendations, we identify the risks and opportunities that climate change poses to our business activities, and perform disclosures on governance, strategy (2°C/4°C scenario analyses/financial impact assessments), risk management, indicators, and targets, which are the core elements of climate-related financial information disclosure. Going forward, we will continue to view climate change as a

new business opportunity as part of our management strategy, and will continue to strengthen our efforts. In addition, we will review our disclosures based on the TCFD recommendations as appropriate and will continue to make appropriate disclosures in the future.

* TCFD refers to the "Task Force on Climate-related Financial Disclosures," which was established by the Financial Stability Board (FSB) in response to a request from the G20 to study how to disclose climate-related information and how financial institutions should respond.

 [Disclosure based on the TCFD recommendations](https://www.itcenex.com/en/csr/environment/climatechange/)

<https://www.itcenex.com/en/csr/environment/climatechange/>



Changes and progress in GHG emissions

Changes and progress in Scope 1 and 2 emissions by energy type

(Unit: thousand t-CO₂e)

Energy type	FY2018 (base year)	FY2019	FY2020	FY2021	FY2022
Kerosene	0	1	1	0	1
Diesel oil	2	2	2	2	2
Gasoline	3	3	4	4	4
Heavy oil	30	31	26	24	28
Coal	760	716	742	664	432
GTL	—	—	0	1	1
LP Gas	2	2	2	2	2
City gas	20	17	57	29	35
Scope 1 total	817	771	833	728	505 <input checked="" type="checkbox"/>
Heat	—	—	0	0	0
Electricity	78	77	65	67	63
Non-fossil certificates	—	—	—	△0	△0
Use of in-house power generation	△3	△3	△2	△2	△1
Scope 2 total	76	75	63	65	62 <input checked="" type="checkbox"/>
Scope 1 and 2 total	893	846	896	793	566 <input checked="" type="checkbox"/>
FY2030 emissions target					447
Reduction rate for FY2030 target					73%

Note 1: In calculating GHG emissions, our Group refers to the non-consolidated company and consolidated subsidiaries (for Scope 1 and 2, companies with 10 or fewer employees are excluded).

Note 2: GHG emissions are calculated using the GHG protocol developed by WRI (World Resources Institute) and WBCSD (World Business Council for Sustainable Development).

Note 3: Energy-derived CO₂ is included in the calculation of GHG emissions.

Note 4: Fractions less than 1,000 t-CO₂e are rounded off.

Note 5: Deloitte Tohmatsu Sustainability Co., Ltd. undertook an assurance engagement of data indicated with .

Note 6: Regarding the revision of GHG emissions data: In FY2023, we revised the scope of calculation of GHG emissions data, etc. from FY2018 to FY2021.

Changes in Scope 3 emissions by category

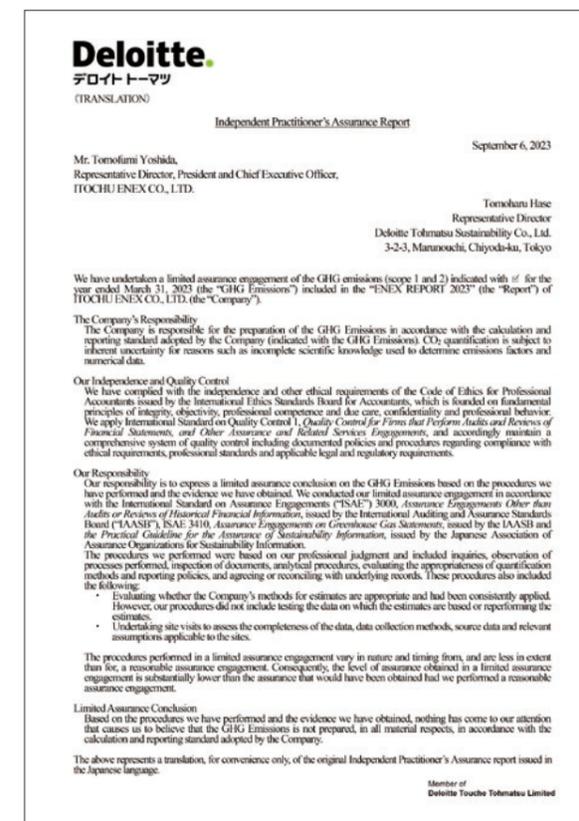
(Unit: thousand t-CO₂e)

Category	FY2018 (base year)	FY2019	FY2020	FY2021	FY2022
Category 1	4,252	3,976	3,399	3,282	3,487
Category 3	128	113	95	76	53
Category 4	107	103	64	98	103
Categories 6 and 7	2	2	2	2	2
Category 11	18,834	18,033	17,383	17,195	17,961
Scope 3 total	23,324	22,227	20,979	21,446	22,173

Note 1: The scope of Scope 3 calculations is limited to categories that have a large impact on our businesses.

Note 2: Regarding the revision of GHG emissions data: In FY2023, we revised the scope of calculation of GHG emissions data from FY2018 to FY2021.

Independent Practitioner's Assurance Report



Note: The Independent Practitioner's Assurance Report is also posted on our website.

 [Independent Practitioner's Assurance Report](https://www.itcenex.com/en/csr/environment/climatechange/thirdpartyassurance.pdf)

<https://www.itcenex.com/en/csr/environment/climatechange/thirdpartyassurance.pdf>



ESG-Related External Assessments



MSCI ESG Ratings

These are ratings issued by MSCI, an U.S.-based financial services provider, on ESG investments. We have continued to receive a rating of AA since March 2021.

Note: ITOCHU ENEX Co., Ltd.'s use of data from MSCI ESG Research LLC or affiliated companies (MSCI), and the use of the MSCI logo, trademarks, service marks, and index names do not constitute support, endorsement, or sales promotion of ITOCHU ENEX Co., Ltd. by MSCI. MSCI's services and data are assets of MSCI and its information providers. They present current conditions and do not represent guarantees. The MSCI name and logo are trademarks of MSCI.



FTSE Blossom Japan Sector Relative Index

This is a representative ESG index adopted by Japan's Government Pension Investment Fund (GPIF). It was selected in June 2023.

Note: FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) shows that, as the result of a third-party investigation, the Company has met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index, and has become a component of the index. The FTSE Blossom Japan Sector Relative Index is broadly used in the creation and evaluation of sustainable investment funds and other financial products.



Nikkei SDGs Management Survey

This is an index that rates and evaluates companies' efforts toward the Sustainable Development Goals (SDGs) called for by the United Nations. We have received a total rating of 3.5 stars.

Human Resource Utilization

— Efforts to Support Diverse Value Creation —

We want to create new value required by society and people's lives, meet the needs of our customers, and deliver the bounty of energy to everyone by improving access to energy. We believe that the key to this driving force lies in strengthening our human resources strategy and organizational foundations, and as such, we consider the utilization of human resources to be an important management strategy.

Basic Philosophy

Since its founding in 1961, the ITOCHU ENEX Group has always considered its people to be its greatest asset. Human resources are at the center of the Group's value creation and are the driving force of sustainable growth and medium- to long-term enhancement of corporate value. We respect diverse values and aim to be a rewarding company where our human resources can thrive, and are implementing the following human resources strategy.

- (a) Fostering a rewarding work environment in which employees share common goals and contribute from their respective standpoints
- (b) Securing and providing opportunities where diverse human resources can play active roles regardless of nationality, gender, age, etc.
- (c) Formulating and promoting human resources development plans that respect the individuality and respective roles of each employee

Diversity Promotion

Based on the basic approach behind our human resources strategy, we will continue to actively promote the creation of a healthy organization and culture in order to create a company where all employees can work freely and with peace of mind, and find work more rewarding.

 Diversity
<https://www.itcenex.com/en/csr/social/diversity/>



Declaration of Diversity & Inclusion

We promote diversity and inclusion throughout the Company. We respect the diversity of ages, nationalities, genders, disabilities, values, workstyles, and other attributes of our employees, accept the differences among them, acknowledge their individual characteristics, promote various initiatives leveraging those things as our strengths to bring about further change to ensure that all of our employees are able to fully demonstrate their capabilities and personal qualities and remain "The Best Partner for Life and Society."

Diverse human resources help the company grow

In order to achieve sustainable growth, we believe that it is important to respect the diversity and values of our employees and utilize them as strengths, so we hire a variety of human resources and provide them with opportunities to flourish.

In FY2021, we established the "Challenge Promotion Program" as part of the development of young employees. In this program, we select talented young employees as managers and supervisors to provide opportunities for them to gain management experience and grow. In FY2022, we began to promote employees in area positions that do not require transfers to management and supervisory positions. In September 2022, we held a roundtable discussion among female executives and female leaders to discuss ideals for what a leader should be, which is just one of the ways that we have created an environment that accepts diverse values and allows people to develop their

potential based on their abilities.

We are also working to expand employment opportunities for people with disabilities. Through IBUKI (Startline Co., Ltd.), a service which provides indoor agricultural jobs to people with disabilities, seven staff members with disabilities are working at the farm (as of April 2023). The herbal tea made at this farm is also distributed to employees. In addition, our original calendars feature designs drawn by people with disabilities, supporting the independence of artists who are actively working despite their disabilities.

We will focus on developing human resources with a comprehensive perspective, regardless of attributes, and contribute to corporate growth and value enhancement.

HR-related data

<https://www.itcenex.com/en/csr/social/health-management/okj2b50000001g9a-att/20230710en.pdf>



Bolstering the comprehensive strength of our Group employees

In FY2021 we launched cross-functional teams to tap into synergies that transcend divisional and product boundaries and to discover "chemical reactions" and seeds for creating new businesses. These teams form connections between ITOCHU ENEX and other Group companies, with the aim of fostering solidarity as members of the same corporate group and creating innovation.

In addition, we hold cross-functional training for over 300 employees of the Company, allowing them to get to know the businesses and people of other departments, taking steps towards creating a foundation for finding new seeds, and implementing ongoing personnel exchanges.

Furthermore, in FY2022, we began participating in a regional problem-solving training program, where we use our past experience and skills to solve problems faced by local governments and local companies, while encountering different values and perspectives and gaining new ideas and insights.



Regional problem-solving training

Reforming awareness and fostering a corporate culture where the Company and employees work together

With the objective of implementing improvements and reforms by ascertaining issues at the organizational level, the Company conducts a job satisfaction survey once every two to three years to gauge attitudes and satisfaction and collect feedback on Company measures and programs. We also hold monthly meetings with the employee union, and use the insights gained to craft personnel system reforms and human resource development programs that contribute to sustainable growth for both the Company and its people. We strive to make the most of each employee's abilities, which will ultimately lead to increased productivity.



Changes in Our Group's Diversity

- 2013**
 - Percentage of female employees: Approx. 10%
 - Start of new personnel system reforms
 - Published a special feature on diversity in the Group internal newsletter and administered questionnaire on topics such as promotion of women
- 2014**
 - Change in job classification system
 - Reforms made to various workplace programs (universal access to 20 days of paid leave per year, 10 days of pregnancy leave added as a new benefit, extension of the use of shortened working hours, clarification of staggered work hours, reemployment program for employees who left due to spouse's transfer)
- 2015**
 - Acquired Kurumin Mark 2015
 - Held the first Enex Family Day (children of employees visit the workplace)
- 2016**
 - Launched Enex Early Bird working style reforms
 - Approved by the Tokyo Metropolitan Government as a TOKYO Workstyle Reform Declaration Company
- 2017**
 - Introduced Casual Day
 - Participated in trial of a shared-use satellite office with childcare facility
 - Introduced support program for sports activities
 - Implemented mentor training
- 2018**
 - Acquired Kurumin Mark 2018
 - Conducted job satisfaction survey
 - Recruited nine foreign nationals at Group companies
 - Started new overseas on-the-job training program
- 2019**
 - Established the Diversity Promotion Office
 - Percentage of female employees: 20%
 - Introduced system for taking paid leave by the hour
 - Hired six employees through IBUKI, a facility for people with disabilities
 - First female Outside Director appointed
- 2020**
 - Start of staggered workday schedules and telework environment (COVID-19 measure)
 - Employee roundtable discussion on working styles
 - Career design seminar held
 - Life plan seminar held
 - Diversity-related subject matter added to rank-based training
- 2021**
 - First female outside Audit & Supervisory Board member
 - Diversity Statement formulated
 - Launched the Challenge Promotion Program to promote junior employees
 - Conducted the second job satisfaction survey
 - Acquired Kurumin Mark 2021
- 2022**
 - Quantitative target set for female representation in management: 30% by FY2035
 - Start of promotion of employees in area positions to managerial positions
 - Added LGBT content to rank-based training
 - Diversity promotion meeting
- 2023**
 - Opened a recreation and training center with the aim of strengthening human resource development and fostering a sense of unity

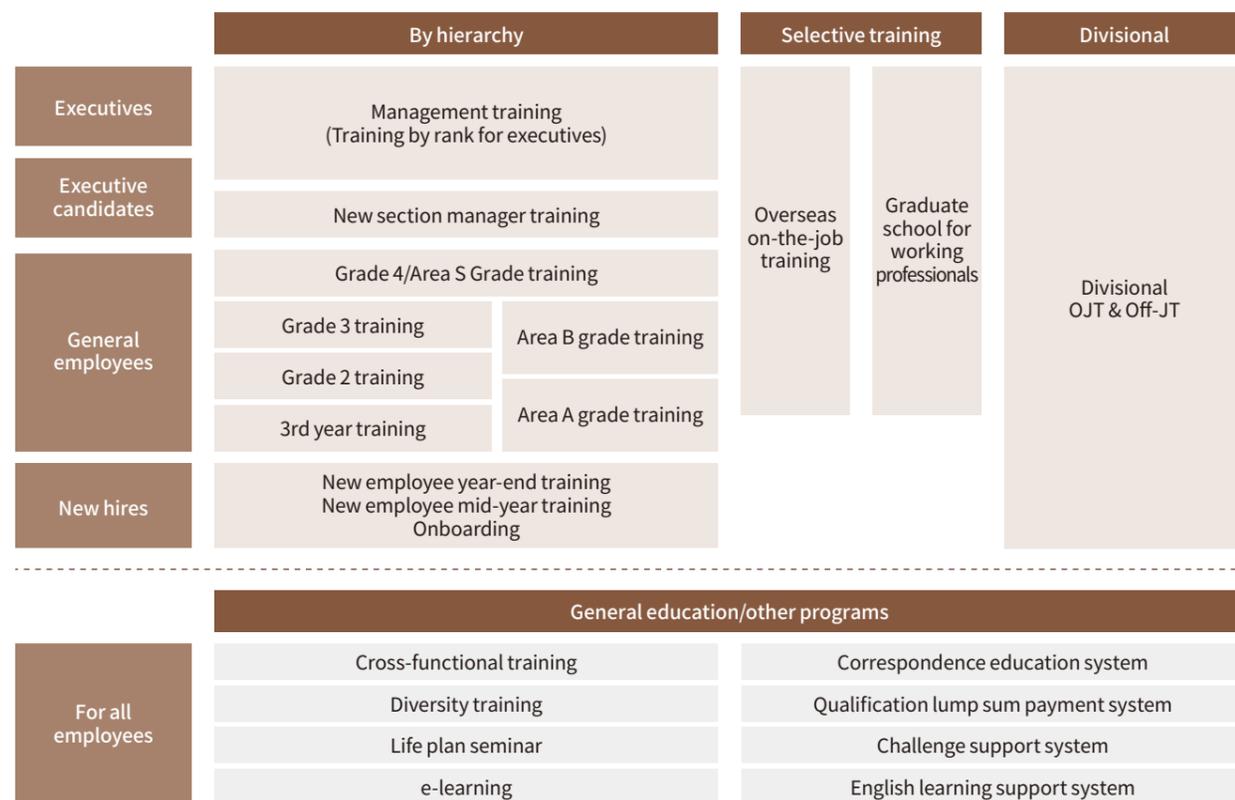
Human Resource Development

We operate a systematic skill development program to cultivate multi-talented human resources who can play active roles in Japan and overseas. This is a career development, education and training program in which employees learn while engaging in self-reflection so that they can carve their own path, rather than all employees following the same path.

Qualities we seek in our human resources

Individuals who think independently and creatively, act boldly, and achieve as partners to society

ITOCHU ENEX training system diagram for FY2023 (as of April 2023)



Recreation and training center Karuizawa LABO

We have a variety of educational programs in place, including training tailored to each role, from new hires and mid-career employees to executives, as well as correspondence courses to encourage voluntary learning. We will contribute to the growth of the Company by pursuing individual strengths and increasing the value of human resources.

Additionally, in FY2023, we established a recreation and training center.

With the aim of further strengthening our human resources base, we will further promote the growth and success of our group's human resources by providing a place to learn, grow, and foster a sense of unity while living under the same roof in an environment separate from daily work.



Many of our group's employees are already training at Karuizawa LABO.

Overseas on-the-job training program

Since FY2018, we have been focusing on developing global human resources who can develop and operate overseas businesses, in addition to improving their language skills and cross-cultural responsiveness. To date, a total of 20 people have participated in training in eight countries: the United Kingdom, Indonesia, the Philippines, South Africa, the United States (Guam), Thailand, the United Arab Emirates (Dubai), and Singapore. We will continue to actively develop global human resources who can contribute to our overseas business expansion.



Strengthen human resource development throughout the Group

In order to foster bottom-up management not only in our company but the entire Group, in addition to traditional OJT, we hold study sessions led by our business staff with the aim of improving management literacy in areas such

as IT, finance, and legal affairs. We will continue to develop human resources who will support the growth of our entire Group.

Supporting the Health of the Company, Employees, and Their Families

By implementing the Enex Early Bird working style reforms, the ITOCHU ENEX Group is building up a system that promotes employee health, values personal lifestyles, and empowers diverse human resources to utilize their talents. We will create a better company, a rewarding place to work, and a company to be proud of with regard to families and society for each and every employee, and create an environment where employees and their families can maintain and improve their health, one where employees can work with peace of mind.



ENEX EARLY BIRD working style reforms

We carry out health management practices designed to enable each employee to work with vitality, feeling both motivated and fulfilled. By improving employee motivation, we seek to energize our organization and maximize our performance.

Health Promotion Measures

- Commitment by the President to health management
- Building a system to tackle health promotion as a management issue
- Lifestyle-related disease prevention measures
- Measures to address health issues specific to women
- Cancer and disease prevention measures; support for balancing treatment and work
- Measures to encourage smoking cessation
- Measures to improve health literacy
- Health management of employees posted overseas
- Vitalization of communication
- Measures to prevent presenteeism
- Mental health measures
- Infectious disease prevention measures
- Expansion of welfare benefits
- Children's education fund

Health Management and Occupational Safety and Health
<https://www.itcenex.com/en/csr/social/health-management/>





SPECIAL FEATURE
Employee Roundtable Discussion

Expand and Connect With On-site Capabilities

In the medium-term business plan "ENEX2030," "on-site capabilities" is one of the key phrases. We held a roundtable discussion with the four recipients of the FY2022 Group Awards, who work in the "field" in their divisions, and discussed the realities of working in the field.



Yuri Kawata

Home-Life Division
ITOCHU ENEX HOME-LIFE SHIKOKU CO., LTD., Kochi Branch, Kochi Office

Responsible for opening/closing valves, surveys, managing equipment and alarm expirations, and sales duties such as new customer development

Received an Individual Encouragement Award for proactive sales of LP gas



Shinya Taki

Car-Life Division
International Auto Auction Co., Ltd. (Secoded)

Responsible for presenting proposals to corporate customers for the utilization of auto auctions

Received an Individual Encouragement Award for sales proposals involving a vehicle purchase scheme



Haruko Oguni

Industrial Business Division
ITOCHU INDUSTRIAL GAS CO., LTD.
Section Chief, Administration Section, Administration Department

Responsible for all administrative tasks other than human resources, such as accounting, legal affairs, general affairs, system-related matters, etc.

Received an Individual Encouragement Award for playing a central role in a management-related task force



Miyuki Matsuzaki

Power & Utility Division
ENEX LIFE SERVICE CO., LTD.
Section Chief, Electric Power Customer Service Section 2, Customer Service Department

Responsible for all operations related to existing customers, including contract changes, billing operations, and call center operations

Received the Business Improvement Award for improving operations such as those related applications to for electricity contracts

On-site capabilities at the ITOCHU ENEX Group

Taki: When I hear about ENEX Group's on-site capabilities, I have an impression of a lot of people that get really involved. I have the impression that the Company operates in a way that is close to its customers, and that the employees who work together get along and have close relationships with each other. I also think that one of the characteristics of our Group is that we are able to conduct sales activities tailored to areas across the country, catering to the climate and characteristics of each region.

Kawata: I have the impression that we value our customers very much. I believe that many of our employees have a strong sense of wanting to "make better suggestions" and "be more helpful" to customers, rather than just selling them products and services.

Oguni: I work in the Administration Department, so I don't have direct contact with customers, but I do have sales staff who are in front-line contact with customers, staff who work on-site at factories and other sites, and staff who deliver products. People in various positions naturally work with a strong awareness of what is required at each "site," and this is the strength of our group's "on-site capabilities."

Matsuzaki: I also work in the back office, but I have many opportunities to see people who have transferred from other departments, and I get the impression that many of them are working self-motivated and proactive. Of course, there are many different types of employees, and each group company has a different culture, but even if their methods or thought processes are different, they have in common the fact that when they work, they are thinking, "What kind of service does the customer need?"

Kawata: In this medium-term business plan, one of the key phrases is "on-site capabilities," and I'm glad that the focus is on work sites in the field. It motivates me to work even harder.



I have a strong desire to offer better solutions to our customers.

— Yuri Kawata

Oguni: Those sites are where the company's profits are generated, and I think that "on-site capabilities" have been and will continue to be an important force.

What is expected of our Group

Taki: When I'm actually in the field, I feel that customers look to me as someone they can talk to if something happens. I currently work in a department that deals with cars, and there are many different ways to "sell cars." We are not limited to the products of a single ENEX division. We can combine them with the products of other divisions and Group companies, and have many service examples to draw upon, so we are able to offer multiple options to suit each customer. I believe this is our strength and also what our customers want.

Kawata: When I make proposals to cultivate new customers, I am often asked for information by owners who are wondering what kind of business they should do next. I like the fact that the ITOCHU ENEX Group allows us to share information from a broad perspective.

Oguni: That is only possible because we have a network. On the other hand, although I know a lot about my own company, I sometimes don't know the details of what other companies or departments are doing, so I think it would be great if we could share more information.

Taki: Even now, there is information sharing within the areas, such as gas and petroleum businesses collaborating in the same area. However, I have a strong impression that it is only partial.

Kawata: I feel that strongly. I think there are many success stories outside of the department where you work that can be utilized, so I think if you can strengthen your network within the Group, you will be able to come up with even better proposals.



I would like to take on challenges in new areas while involving various people without being constrained by existing businesses.

— Shinya Taki



There is a sense of unity as part of the ENEX Group, and it is an environment where it is easy to consult with others about anything.

— Haruko Oguni

Future challenges

Kawata: Currently, there are many jobs that require me to stay within Kochi Prefecture, where I am engaged in sales activities. However, there are projects that are gradually spreading from Kochi to other prefectures in Shikoku, so I would like to increase the number of cases like this. I would like to work in a way that creates a foundation that allows the sales offices of the entire Group to collaborate in doing business.

Taki: What kind of initiatives would that involve, for example?

Kawata: I think it would be great if we could successfully integrate people and systems. We still have on-site capabilities, but even though everyone is working hard, there are inevitably differences in abilities. I think there is also the fact that if the person in charge changes, the business will be lost. Therefore, I believe that our foundation will be more stable if we connect with our customers not only through our individual personalities but also as a company. Of course, just because we're connected through a system doesn't mean we don't have to work hard on the front lines, but I would like to work on creating mechanisms that will further strengthen our relationships with our customers.

Taki: I would definitely like to create a stronger sales foundation using mechanisms like that and our sales capabilities. I also have a strong desire to try new things. In addition to existing businesses, there are ways to utilize the infrastructure we have, and even if it is completely unrelated, if it is needed by society, it is better to take on the challenge with the expectation that it will grow as a business. I would like to involve all kinds of people to take on challenges in new fields, even if they're not extensions of our existing businesses.

Kawata: It sounds like fun. I get excited just hearing about it. Taki-san, you actually leveraged your own experience to

grow a new business, right?

Taki: We supported a business that purchases and sells cars by matching car purchasing companies I met at auction sites and members of a co-op with which I had done business in the department I was previously assigned to. I believe that we were able to solve customers' problems and also contribute to solving the social issue of people having to give up their driver's licenses. Our Group's strength lies in our ability to develop businesses like this. This was in Hokkaido, but next we plan to expand to Kyushu and Osaka.

Matsuzaki: So, you can expand nationwide. That kind of move is unique to our Group.

Kawata: The reason we come up with ideas like this one is because we seriously think about our customers. I don't think you would have gotten any insight from a customer's comment if your day-to-day work had just been routine tasks.

Taki: You're right. Additionally, I have a strong desire to do new and interesting things.

Oguni: Working on new businesses is very important. There are limits to existing business, so we need to find something new. At my company, we are constantly looking for new businesses, and there are some cases like Taki-san's that we came up with on our own, and examples of businesses that we created based on concerns we heard directly from customers. For example, a customer to whom we provide pressure testing for industrial gas containers started a warehousing business because they were having trouble finding a place to store unused containers. That is a great example of discerning customer needs, and now the business is slated to expand further from there.

Matsuzaki: How quickly does a new business get moving?

Oguni: It takes some time. Before an idea can be put into motion, an investment plan must be formulated and stringent internal reviews are conducted to ensure that the return is commensurate with the invested funds, so the process is a long one. However, I think we need to think outside the box and take on new challenges that our



Our goal is to create better working environments and efficient systems.

— Miyuki Matsuzaki

company cannot do alone, even if it means collaborating with other departments.

Kawata: It's really exciting to take on new challenges. However, I also believe that we must work hard to improve the efficiency of our day-to-day operations.

Matsuzaki: Last year, our company saw a significant increase in the number of applications in our electricity retail business, but this has increased the workload and costs of our back office, so we feel the need to streamline operations. We have thought about and implemented ways to reduce the workload as much as possible, but in FY2023 we would like to further reduce the workload while also trying to increase the productivity of our employees. We also want to create efficient mechanisms that will ensure that the efforts of our employees who are striving to increase productivity are not wasted. To this end, we will also focus on system development.

Advantages of the Group and a comfortable work environment

Oguni: How do you all feel about working at ENEX Group?

Matsuzaki: My company has introduced working from home on a trial basis. Is it difficult for sales people to work from home?

Taki: It's more like going straight to the work site and then straight home, but it still saves time. There are few restrictions such as having to go into the office.

Oguni: I think it's important to have a comfortable work environment, regardless of where you work. Last year, we conducted a survey of all employees in order to create a vision for the company, and many of them said they wanted the company to be a place where they can feel motivated.

Matsuzaki: That's very important. As mentioned in the

medium-term business plan, I would like to see a system in place to reward employees for their hard work.

Taki: My impression is that the Group is full of really nice people. I get the impression that there are many people who are easy to talk to and want to work together to stimulate each other. It's a very flat relationship. I believe that the existence of such relationships between people on a daily basis allows us to move quickly when tackling new businesses.

Kawata: I feel the strengths of our Group when developing new projects. For example, recently, due to the rise in electricity costs, there has been an increase in the number of homes that use both gas and electricity instead of all-electric homes. I believe that the Group's investment capabilities are a strong asset as the products we handle are gaining momentum.

Oguni: You can make proactive moves. It's been more than 10 years since I joined this company, and when I first joined, even though it was called the "Enex Group," we were on different floors, and it felt like a separate company. But now the office is the same, and it's an environment where it's easy to ask for advice if you have a problem. We also have a project team made up of people with various experiences, and we often meet to see if we can start new business projects.

Matsuzaki: The sense of unity within the Group is amazing. Our company is entrusted with electricity business-related tasks such as provider switching and billing services from various companies within the Group, so we experience a wide variety of things. For example, we handle both corporations and individuals, so we have a wide range of customers. In each job, you gain insights that you can apply to your own work.

Taki: I hope to continue to take on new challenges by leveraging the various strengths of the Group.



Management Team (As of June 14, 2023)

Note 1: Shares of the Company's common stock owned as of May 18, 2023
 Note 2: [Independent] Independent indicates a Board Member registered with the Tokyo Stock Exchange as an independent officer
 Note 3: Board of Directors meeting attendance denotes number of times attended/number of times held during FY2022
 (For Mr. Yoshida, Mr. Imazawa, and Mr. Morikawa, attendance refers to the regular general meetings of shareholders in and after June 2022, the number of meetings is eight.)

Directors

Representative Director and Chairman
Kenji Okada



Kenji Okada has worked mainly in Finance, Insurance, Logistics, and Realty areas at ITOCHU Corporation. After serving as Representative Director of TOCHU Corporation, he was appointed as Chief Executive Officer of ITOCHU ENEX CO., LTD. in June 2012. He was appointed as Representative Director and Chairman of the company in April 2023. He is seeking to grow the Company and improve productivity by both leveraging the existing management structure and advancing new initiatives, including renovation of business structures and internal systems, and expansion into new business areas.

- Shares of the Company owned: 176,709
- Board of Directors meeting attendance: 11/11
- Significant concurrent positions outside the Company: None

Representative Director, President and Chief Executive Officer
Tomofumi Yoshida



Tomofumi Yoshida has worked mainly in areas such as lifestyle materials, construction, logistics, information, finance, and insurance at ITOCHU Corporation. After serving as Representative Director, he was appointed as Representative Director and Executive Vice President of ITOCHU ENEX CO., LTD. in June 2022, and Representative Director, President and Chief Executive Officer in April 2023. He has excellent management skills cultivated through a wealth of business experience and broad insight into global business management.

- Shares of the Company owned: 48,150
- Board of Directors meeting attendance: 8/8
- Significant concurrent positions outside the Company: Director of Nagatanien Holdings Co., Ltd.

Director and Senior Managing Officer
Kyosuke Wakamatsu
 Chief Operating Officer, Home-Life Division



Kyosuke Wakamatsu has worked mainly in the LP gas business since joining the Group. His past posts include Representative Director at Group company ITOCHU ENEX HOME-LIFE TOHOKU CO., LTD. and Chief Operating Officer for Corporate Administration Division II. Endowed with extensive business experience across the Company and Group companies and wide expertise in business management, he currently holds the post of Chief Operating Officer of the Home-Life Division, ITOCHU ENEX CO., LTD.

- Shares of the Company owned: 45,122
- Board of Directors meeting attendance: 11/11
- Significant concurrent positions outside the Company: Director of ECORE CO., LTD.

Director and Managing Officer
Tsukasa Motegi
 Chief Operating Officer, Car-Life Division



Tsukasa Motegi has worked mainly in our petroleum-related businesses since joining the Group. He previously held the post of Representative Director in Group company ENEX FLEET CO., LTD. He currently serves as Chief Operating Officer of the Car-Life Division at ITOCHU ENEX CO., LTD., utilizing his extensive business experience across the Company and Group companies and broad expertise in business management.

- Shares of the Company owned: 16,220
- Board of Directors meeting attendance: N/A
- Significant concurrent positions outside the Company: Director of OSAKA CAR LIFE GROUP CO., LTD. Director of NISSAN OSAKA SALES CO., LTD. Director of ENEX FLEET CO., LTD.

Audit & Supervisory Board Member

Standing Audit & Supervisory Board Member
Isao Kubo

Outside



Isao Kubo has many years of experience in management planning and operations related to auditing at ITOCHU Corporation. After working as a Managing Executive Officer and General Manager of the Internal Audit Division, he became a Director, Senior Managing Executive Officer, CSO, and General Manager of Corporate Planning Division at FamilyMart Co., Ltd. He has extensive knowledge of business management and has been appointed as an Audit & Supervisory Board Member of the Company.

- Shares of the Company owned: 2,106
- Board of Directors meeting attendance: 11/11
- Significant concurrent positions outside the Company: Outside Director, Pan Pacific International Holdings Corporation Audit & Supervisory Board Member, Tokyo Toshi Service CO., LTD.

Standing Audit & Supervisory Board Member
Shuji Katsurayama



Since joining the Company, Shuji Katsurayama worked mainly in LP gas and heat supply businesses, and held the post of Representative Director of a Group company. Having extensive business experience in the Company and Group companies, as well as rich expertise in business management, he was appointed as an Audit & Supervisory Board Member in June 2022.

- Shares of the Company owned: 16,610
- Board of Directors meeting attendance: 11/11
- Significant concurrent positions outside the Company: Auditor, Enex Asset Management Co., Ltd.

Director and Executive Officer
Yasuhiro Imazawa
 Chief Financial Officer, Chief Information Officer, and Chief Operating Officer, Corporate Administration Division I



Yasuhiro Imazawa has worked for ITOCHU Corporation for many years, mainly in Finance, Accounting, Risk Management, and Audit areas. Possessing a wealth of business experience and broad expertise in management, he was appointed as a new Director of ITOCHU ENEX CO., LTD. in June 2022, and holds the post of Chief Operating Officer for Corporate Administration Division I.

- Shares of the Company owned: 9,641
- Board of Directors meeting attendance: 8/8
- Significant concurrent positions outside the Company: None

Director
Ichiro Saeki

Outside
 Independent



Ichiro Saeki has specialized knowledge in his capacity as an attorney and a university professor, and extensive experience with corporate legal affairs. He also acquired broad knowledge of banking and finance during his tenure at the The Nippon Credit Bank (currently, Aozora Bank, Ltd.). Based on this broad knowledge, he provides advice for the management of the Company as well as proper oversight of the execution of the Company's businesses from an objective and expert perspective.

- Shares of the Company owned: 23,204
- Board of Directors meeting attendance: 11/11
- Significant concurrent positions outside the Company: Representative Attorney, Shi-Go-Roku Law Office Auditor, The Shinkumi Federation Bank Emeritus Professor, Aoyama Gakuin University

Director
Motoyo Yamane

Outside
 Independent



Motoyo Yamane worked in the broadcasting industry for many years, where she was involved in the operation of organizations and the development of human resources. She also has sat on various expert committees related to social contribution and cultural activities and has advanced insight into society and culture in general acquired through these activities. She has been appointed as a director of the Company based on this knowledge and diverse perspectives she has developed throughout her career.

- Shares of the Company owned: 16,823
- Board of Directors meeting attendance: 10/11
- Significant concurrent positions outside the Company: Board Member, Characters Culture Promotion Organization (Public Interest Incorporated Foundation) Director, Junshin Hiroo Gakuen Director, Picture Book Culture Promotion Association (Incorporated Nonprofit Organization)

Director
Takuya Morikawa

Outside
 Independent



Takuya Morikawa has long engaged in a wide range of business activities in the stationery and office equipment industry, including business strategy, overseas business, and the launch of new businesses. Through these activities, he has gained business experience and a wealth of knowledge on business management. He was appointed as a Director in June 2022 and provides advice for the management of the Company as well as proper oversight of the execution of the Company's businesses.

- Shares of the Company owned: 919
- Board of Directors meeting attendance: 8/8
- Significant concurrent positions outside the Company: Outside Director, Asanuma Corporation Representative Director, President and Chief Executive Officer, Wakiprintpia Co., Ltd. Advisor, Netsquare Co., Ltd.

Audit & Supervisory Board Member
Shozo Tokuda

Outside
 Independent



In addition to Shozo Tokuda's expertise as a certified public accountant and his extensive experience in corporate accounting, he has profound knowledge gained at auditing firms. Based on this knowledge, from an objective and expert perspective, he has been appointed as an Audit & Supervisory Board Member and provides advice for the management of the Company as well as proper oversight of the execution of the Company's businesses.

- Shares of the Company owned: None
- Board of Directors meeting attendance: 11/11
- Significant concurrent positions outside the Company: None

Audit & Supervisory Board Member
Masako Iwamoto

Outside
 Independent



As an attorney, Masako Iwamoto has specialized knowledge and extensive experience in corporate legal affairs. She has also acquired deep insight during her tenure as an outside officer at Achilles Corporation. Based on this knowledge, from an objective and expert perspective, she has been appointed as an Audit & Supervisory Board Member and provides advice for the management of the Company as well as proper oversight of the execution of the Company's businesses.

- Shares of the Company owned: None
- Board of Directors meeting attendance: 11/11
- Significant concurrent positions outside the Company: Representative Attorney, Iwamoto Law Office Outside Director, Member of Audit and Supervisory Committee, ACHILLES CORPORATION

Skills Matrix of Directors and Audit & Supervisory Board

	Directors					Outside Directors			Audit & Supervisory Board Member	Outside Audit & Supervisory Board Members		
	Representative Director and Chairman Kenji Okada	Representative Director, President and Chief Executive Officer Tomofumi Yoshida	Director and Senior Managing Officer Kyosuke Wakamatsu	Director and Managing Officer Tsukasa Motegi	Director and Executive Officer Yasuhiro Imazawa	Director Ichiro Saeki	Director Motoyo Yamane	Director Takuya Morikawa	Standing Audit & Supervisory Board Member Shuji Katsurayama	Standing Audit & Supervisory Board Member Isao Kubo	Audit & Supervisory Board Member Shozo Tokuda	Audit & Supervisory Board Member Masako Iwamoto
Business management	●	●	●	●	●	●	●	●	●	●	●	●
Sales and marketing	●	●	●	●	●	●	●	●	●	●	●	●
ESG SDGs	●	●	●	●	●	●	●	●	●	●	●	●
Finance and accounting	●	●	●	●	●	●	●	●	●	●	●	●
Legal and compliance	●	●	●	●	●	●	●	●	●	●	●	●
Human resources and labor	●	●	●	●	●	●	●	●	●	●	●	●
International mindset	●	●	●	●	●	●	●	●	●	●	●	●
Knowledge of other industries	●	●	●	●	●	●	●	●	●	●	●	●

Initiatives for outside officers

We run a variety of activities designed to increase outside officers' understanding of the Group, with the aim of boosting the effectiveness of management oversight functions, thereby leading to more energetic discussion by the Board of Directors and a transparent governance system.



Visiting operating sites

Since FY2017, we have been conducting visits of operating sites across the country for the purpose of facilitating understanding the businesses of the Group and interacting with on-site employees. In FY2023, the first visit was conducted in the Osaka area in June. On-site visits are an important opportunity for outside officers to deepen their understanding of the Group's businesses by directly experiencing the business circumstances and opinions of employees.

Photo 1 Visit to NISSAN OSAKA SALES CO., LTD., a Group company
Photo 2 Company presentation at ENEX FLEET CO., LTD., a Group company

Briefings for outside officers

Outside officers are briefed on the agenda of each Board of Directors' meeting two business days in advance so that they will be able to take part in the discussions with a better understanding of the issues. During these sessions, the project owner for each agenda item gives a briefing and responds to various questions from the outside officers.

Participation in Group Directors' meetings

Outside officers also participate in the Group Directors' meetings, where the presidents of our major Group companies come together to discuss the initiatives of each company, exchange opinions and interact. In FY2022, the meeting was held in-person for the first time in two years. Videos related to the initiatives of Group companies were shown, and questions and opinions were raised by outside officers, making for a lively discussion.

Photo 3 Audit & Supervisory Board Member Iwamoto giving her opinion at the FY2022 Group Directors' meeting

Participation in financial results presentations

Financial results presentations are a valuable opportunity to directly hear the opinions of investors, the media, and other stakeholders and as such, outside officers also attend (virtual participation).

Photo 4 Financial results presentation held in May 2023

Participation in management policy presentations

Outside directors also attend the semi-annual management policy presentations, where management policies for the entire Company and each Division are announced and shared. At the presentation in April 2023, as the COVID-19 situation had stabilized, the number of participants at the Kasumigaseki headquarters was significantly increased to 100 people, and with the participation of staff stationed overseas who joined virtually, there were about 150 participants.

Photo 5 Management policy presentation held in April 2023

Independent officers' meetings

We hold independent officers' meetings made up of independent officers. These regular meetings bring the independent officers together to discuss their independent views and opinions.

Participation in the Medium-Term Business Plan formulation

For the purpose of deepening discussions on medium- to long-term strategies, we report on the status of studies and exchange opinions on the Medium-Term Business Plan, thereby providing opportunities for outside officers to participate in its formulation.



Aiming for Both Social Value and Economic Value Toward 2030

Outside Director Takuya Morikawa

■ Corporate Governance

From the perspective of raising the level of governance, I feel that the Group is working very seriously. Going forward, I would like to deepen discussions on governance as of 2030. The combination of a backcasting approach, asking such questions as, "What are the challenges in achieving our ideals," and a forecasting approach that continues to improve based on the annual evaluation of the effectiveness by the Board of Directors enables the pursuit of our unique governance style. We hope to decide on milestones every two years, set KPIs, and run the PDCA cycle to get closer to our ideals for 2030.

■ My role

My own role is to assess whether the necessary materials for judgment and judgment criteria are clearly specified, whether there is a Plan B or an exit plan, and whether the timing is appropriate when members of executive management make decisions. I also focus on supervisory functions, such as whether there is a system in place for the first report of important information to be promptly shared, and whether information related to compliance in particular is promptly shared with the members of the Board of Directors.

■ New Medium-Term Business Plan ENEX2030

I feel that it was very good that we formulated a plan with a slightly longer span for the first time this time. The first point that we are paying close attention to is expectations for growth investments, specifically what business areas we will invest in, and when and how much to invest, in order to accelerate business growth. The second point is to create a foundation of human resources that support the growth of the business.

In making ENEX2030 a reality, how will we generate the diversity and leadership that are essential for improving corporate value? We recognize that it is important to foster awareness that we are creating the next era's ENEX while balancing the pursuit of social value (solving social issues) and economic value (economic rationality).

■ Expectations (our reasons for existing)

As "The Best Partner for Life and Society," our Group's mission is to pursue customer value centered on energy, but at the same time it is incumbent upon us to seriously attempt to find solutions to social issues. By supplying the energy that is essential to enriching society and life, and whether it is B2B or B2C, expanding our customer base while exploring new forms of energy and new uses, I hope that we can become an unrivalled and indispensable presence for society and people's lives.



Further empowerment of women in line with changes in the business environment

Outside Director Motoyo Yamane

We are at a crossroads now. Humankind's fate in terms of what kind of energy it will use and how it will use it to survive in the future will be determined by the choices we make now. At our Group,

which is an energy trading firm, we naturally feel a strong sense of crisis. However, precisely because we have a sense of crisis, we also have high expectations for new business development opportunities, and we are working out growth strategies for the future.

At times like this, I am conscious of revitalizing the organization so that we can fully draw out the free ideas, motivation, and abilities of each employee. I believe that the key to the future of the Group, which has a relatively democratic corporate culture, is to further

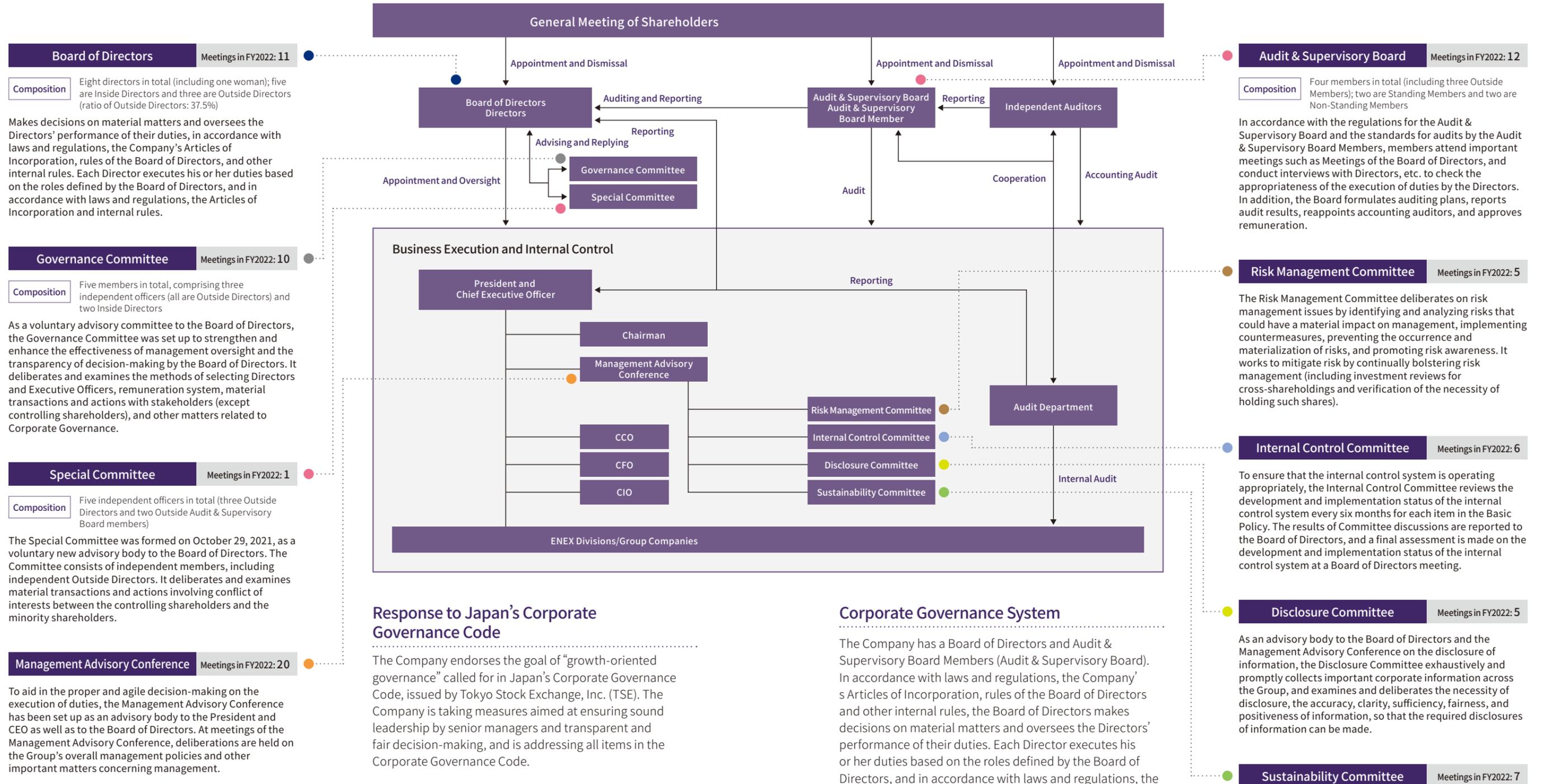
empower women. From the standpoint of being the first woman outside director, I would like to contribute to the creation of a work environment that is comfortable for women. Occasionally, I have the opportunity to talk with women leaders, and I am impressed by the fact that there are women who are truly strong and active in work environments that I thought were dominated by men.

However, the ratio of women in managerial positions is currently low, at just 4%. We are aiming for 10% by 2030, but this will not be achieved through the efforts of women alone. It is necessary to encourage male employees, especially management, to change their mindsets. This year, there is a training facility in Karuizawa where you can stay overnight. I believe that the ability of individuals to deepen their thinking and grow as human beings amid a rich communication environment will be the strength that the Group needs to overcome difficult times.

Corporate Governance

Corporate Governance System* (As of June 14, 2023)

*Business execution, internal control, managerial monitoring and risk management system, etc.



Response to Japan's Corporate Governance Code

The Company endorses the goal of "growth-oriented governance" called for in Japan's Corporate Governance Code, issued by Tokyo Stock Exchange, Inc. (TSE). The Company is taking measures aimed at ensuring sound leadership by senior managers and transparent and fair decision-making, and is addressing all items in the Corporate Governance Code.

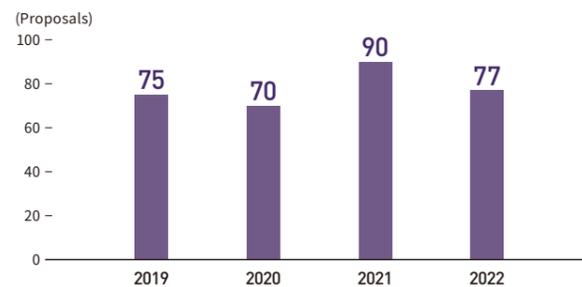
Corporate Governance System

The Company has a Board of Directors and Audit & Supervisory Board Members (Audit & Supervisory Board). In accordance with laws and regulations, the Company's Articles of Incorporation, rules of the Board of Directors and other internal rules, the Board of Directors makes decisions on material matters and oversees the Directors' performance of their duties. Each Director executes his or her duties based on the roles defined by the Board of Directors, and in accordance with laws and regulations, the Articles of Incorporation and internal rules. To strengthen the Board of Directors' decision-making and oversight functions and increase the efficiency of business execution, the Company has adopted an executive officer system. As delegated by the Board of Directors and Representative Directors, Executive Officers execute the duties assigned to them based on decisions made by the Board of Directors.

Status of Efforts by the Board of Directors

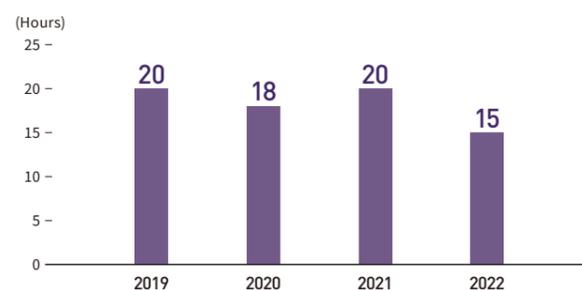
Number of proposals

We have established regulations regarding the submission of proposals to the Board of Directors, Management Advisory Conference, and other meeting bodies. Proposals at meetings of the Board of Directors are submitted according to these regulations. With more and more diverse proposals being submitted to the Board of Directors, in recent years we have been promoting the delegation of authority, and depending on the proposal, we are increasingly leaving it to individual Divisions to decide. Discussions on important proposals have been increasing at Board of Directors meetings.



Deliberation time (annual general meeting time)

We provide opportunities for debate and briefings to outside officers on proposals prior to their submission to the Board of Directors so that they will be able to take part in the discussions with a better understanding of the issues. At the Board of Directors meetings, participants present a wealth of questions and point things out. At the same time, because we shorten explanation times by having discussions in advance, we are also improving work efficiency.



Major issues discussed in the Board of Directors' meetings in FY2022

- Formulation of the New Medium-Term Business Plan
- Investment projects of high importance (sales of wind power generation, large-scale solar power generation, etc.)
- Initiatives to ally with other companies
- Corporate Governance
- Information disclosure based on the TCFD recommendations

Effectiveness Evaluation

Evaluation of the effectiveness of the Board of Directors

The Company asked all Directors and Audit & Supervisory Board Members to give their opinions based on their own evaluation of the effectiveness of the Board of Directors as a whole in FY2022, including the composition, operation status, and support structure of the Board.

The Board of Directors then analyzed and evaluated its effectiveness, drawing upon those opinions as well as assessments and analyses by third-party evaluation organizations, and deliberation and examination by the Governance Committee.

Evaluation method	Questionnaire
Subject of evaluation	Meetings of the Board of Directors held between April 2022 and March 2023 (a total of 11 meetings)
Evaluators	All members of the Board of Directors and Audit & Supervisory Board as of March 2023
Outline of implementation	Questions and free-form questionnaires (anonymous to ensure transparency) related to "Board of Directors' operations (7 items)," "Board of Directors' discussions (5 items)," "Monitoring functions (4 items)," and "Other (7 items)" were implemented.
Evaluation results	Each item generally suggests a high standard, meaning that the operations of the Board of Directors of the Company as a whole are judged to be appropriate.
Issues	Deepen discussions on medium- to long-term management strategies and policies, improve management systems to encourage discussions, etc.

Appointment of Outside Officers

The Company seeks to enhance its corporate value by selecting individuals who have knowledge in specialized fields such as management, law, accounting and energy, and who can be expected to contribute to the Company's management and oversight of business execution from various perspectives.

Reasons for Appointment of Outside Officers

	Name	FY2022 Board of Directors Meeting Attendance		Reasons for Appointment
		Board of Directors	Audit & Supervisory Board	
Outside Directors	Ichiro Saeki	11 / 11		Ichiro Saeki has specialized knowledge in his capacity as an attorney and a university professor, and extensive experience with corporate legal affairs. He also acquired broad knowledge of banking and finance during his tenure at the The Nippon Credit Bank (currently, Aozora Bank, Ltd.). Based on this broad knowledge, he was appointed because it was deemed he could provide advice for the management of the Company as well as proper oversight of the execution of the Company's businesses from an objective and expert perspective. The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.
	Motoyo Yamane	10 / 11		Motoyo Yamane worked in the broadcasting industry for many years, where she was involved in the operation of organizations and the development of human resources. She also has sat on various expert committees related to social contribution and cultural activities and has advanced insight into society and culture in general acquired through these activities. Based on this knowledge and the diverse perspectives cultivated through her career, it was determined that she would be able to contribute advice regarding the Company's management and appropriate oversight of business execution. The Company believes that she meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.
	Takuya Morikawa	8 / 8		Takuya Morikawa has long engaged in a wide range of business activities in the stationery and office equipment industry, including business strategy, overseas business, and the launch of new businesses. Through these activities, he has gained business experience and a wealth of knowledge on business management. Based on this, it was determined that he would be able to contribute advice regarding the Company's management and appropriate oversight of business execution. The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.
Outside Audit & Supervisory Board Member	Isao Kubo	11 / 11	12 / 12	Isao Kubo has many years of experience in management planning and operations related to auditing at ITOCHU Corporation. After working as a Managing Executive Officer and General Manager of Internal Audit Division, he became a Director, Senior Managing Executive Officer, CSO, and General Manager of Corporate Planning Division at FamilyMart Co., Ltd. He has extensive knowledge of business management. Based on this, it was determined that he would be able to contribute advice regarding the Company's management and appropriate oversight of business execution. Because he does not meet the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company, he has not been designated as an Independent Audit & Supervisory Board Member.
	Shozo Tokuda	11 / 11	12 / 12	In addition to Shozo Tokuda's expertise as a certified public accountant and his extensive experience in corporate accounting, he has profound knowledge gained at auditing firms. Based on this knowledge, from an objective and expert perspective, it was determined that he would be able to contribute advice regarding the Company's management and appropriate oversight of business execution. The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.
	Masako Iwamoto	11 / 11	12 / 12	As an attorney, Masako Iwamoto has specialized knowledge and extensive experience in corporate legal affairs. She has also acquired deep insight during her tenure as an outside officer at Achilles Corporation. Based on this knowledge, from an objective and expert perspective, it was determined that she would be able to contribute advice regarding the Company's management and appropriate oversight of business execution. The Company believes that she meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.

Relationship with the parent company

Other special circumstances which may have material impact on Corporate Governance (relationship with parent company)

Our parent company, ITOCHU Corporation, holds 53.97% of our voting rights, making us a consolidated subsidiary. Our Company is the core company of the domestic sales of petroleum products in the ITOCHU Group and the import/export business originating from Japan. As a critical business partner, we promote the exchange of information on the trade in petroleum products, market conditions for domestic and foreign crude oil and petroleum products, as well as business initiatives related to personnel exchanges, electric power and environmental businesses, overseas projects, etc. The Company's dependence on the parent company for business transactions is fairly low, and most

transactions are with general companies and consumers.

We recognize that there are no business restrictions imposed by our parent company, and we believe that we are in a situation where we can make independent management decisions while ensuring independence and autonomy. Although there are some seconded employees between the Company and ITOCHU Corporation and its corporate Group, three outside directors have been designated as independent officers, and more diverse opinions can be reflected in deliberations at the Board of Directors meetings. As a result, independence is ensured and independent management decisions are not hindered.

Policies and Procedures on Determination of Remuneration for Directors

Basic Policy

Remuneration for Directors of the Company is designed to attract talented human resources with the ability to implement the Company's Corporate Philosophy and to motivate them to contribute to the sustained improvement of its corporate value. It is the Company's basic policy to determine remuneration paid to each Director at an appropriate level based on his/her position and duties.

Remuneration System for Directors

Remuneration for Executive Directors comprises fixed basic remuneration (monthly remuneration) and performance-linked remuneration that fluctuates according to performance. Remuneration for Non-Executive Directors comprises only fixed basic remuneration (monthly remuneration) from the perspective of their roles and independence.

Composition of Remuneration for Executive Directors (FY2023-)

Types of Remuneration	Monetary/Non-monetary	Percentage	
		Chairman/President	Other directors
Base Remuneration (Fixed Remuneration)	Monetary	57%	63%
Bonuses (Performance-linked Remuneration)	Monetary	29%	32%
Stock Remuneration (Performance-linked Remuneration)	Non-monetary	14%	5%
Total		100%	100%

Note: The above ratio represents remuneration when 100% of all targets for performance-linked remuneration are reached.

Composition of Director Remuneration (for Executive Directors)

Types of Remuneration	Details of Remuneration
Base remuneration	The Company determines the fixed monthly amount according to the position and responsibilities of each Director, taking into account the standards of other companies based on the research of specialized external institutions.
Bonuses	<ul style="list-style-type: none"> The Company pays performance-linked bonuses to Executive Directors at certain times of each year as a short-term performance pay based on a performance indicator and the level of goal achievement in the year. The performance indicator that is the basis for bonuses is the level of achievement of the target profit attributable to the Company's Shareholders (consolidated) each year. The Company determines the amounts of bonuses by multiplying the base remuneration by a certain coefficient according to the levels of achievement of company-wide performance, division performance, section performance, and a qualitative assessment.* <p>* The comprehensive qualitative assessment is performed by the Representative Director and President, taking into account the level of the goal achievement of each Executive Director (progress in addressing issues in the areas of their responsibility, development of management executives, thoroughness of legal compliance, etc.).</p>
Stock-based remuneration	<ul style="list-style-type: none"> As medium- to long-term performance-linked remuneration, Executive Directors are provided with points according to net profit under the Medium-Term Business Plan, the titles of the Directors, and the number of months in their term of office. At the time of their retirement, they acquire a number of the Company's common shares commensurate with the total number of points granted. The number of shares provided is the product of multiplying the number of points given by 1.0. Stock remuneration is adopted to motivate Directors to contribute to the improvement of the Company's medium- to long-term performance and the increase of its corporate value.

Note: Of the above remuneration, for the bonuses and stock remuneration, which are linked to the Company's business performance, net profit (consolidated) attributable to the Company's shareholders has been adopted as the indicator for evaluating the overall business performance of the Company. It was adopted to ensure the simplicity of the indicator, consistency with the numerical targets related to the Company's business management (or with the quantitative targets set in the medium-term business plan, which apply to the performance-linked stock remuneration), and in light of the trends of other companies. Net profit in FY2022 is 13,832 million yen.

Policy, Etc. for Determining the Remuneration of Individuals

To flexibly determine the amount of remuneration for individuals, Tomofumi Yoshida, the Representative Director, President and Chief Executive Officer of the Company, is delegated to determine specifics based on standards established in advance. Changes made to the above composition of remuneration, basic remuneration, and bonuses require approval by the Board of Directors after consultation with the Governance Committee. Changes in the stock remuneration require approval at a Board of Directors' meeting or a General Meeting of Shareholders, after consultation with the Governance Committee. As for Director remuneration,

the Company has established a system in which the Governance Committee receives one or more reports a year on the overall distribution of remuneration for individual Directors, ensures that such activities are conducted appropriately in line with this policy, and guarantees their objectivity, fairness, and transparency. The Board of Directors receives the results of deliberations and examinations, and reports on the appropriate remuneration of individual Directors in line with this policy from the Governance Committee, and the Company believes that the activities of the Board of Directors are also in line with this policy.

Risk Management and Internal Control

Risk Management

Risk Management Committee

Amid an increase in various risks, the Risk Management Committee plays the central role in risk mitigation, as it deliberates on risk management issues, including the identification and analysis of risks that could have a material impact on the Group's operation, as well as countermeasures, prevention of the occurrence and materialization of risks, and awareness-raising, while continually bolstering risk management.

 Risks related to businesses (annual securities report; in Japanese)
https://www.itcenex.com/ja/ir/doc/security_report/



Systems for Handling Emergencies

The Company has established reporting routes that enable it to quickly obtain accurate information and respond appropriately when an accident occurs or a risk arises in the Group. The Company has also developed an emergency contact network that systematically connects Group companies, business divisions, and officers (including the President), so that when an earthquake, typhoon, heavy rain, or other natural disaster occurs, it will be able to quickly confirm the safety of Group personnel, ascertain the level of damage to the Group's facilities and clients, and secure essential services.

 Risk Management
<https://www.itcenex.com/en/csr/governance/riskmanagement/>



Internal Control

We have constructed, operate, and continuously improve on an internal control system to ensure that its operations are conducted properly and in compliance with laws, regulations, and the Articles of Incorporation. Our Group's

internal control system is outlined in the Basic Policy on Internal Control System, which was revised on May 18, 2023.

 Basic Policy on Internal Control System
<https://www.itcenex.com/en/corporate/governance/control/>



Fire and Disaster Prevention/Business Continuity Plan (BCP)

The Company has formulated a business continuity plan (BCP) as a precaution against possible major natural disasters. The BCP and Disaster Response Headquarters, which is the core organization of this plan, consists of the CEO (Director of the Disaster Response Headquarters), heads of departments, and general managers. In the event of a large-scale disaster, the Headquarters leads Group-wide activities to respond to the situation based on a plan that lays out the people in the chain of command and how to respond to specific circumstances. In addition, the Company has in place a backup system to transfer the head office functions to Fukuoka and Hiroshima. In FY2022, in addition to conducting first-aid training at the head office and different areas, we are working to improve the effectiveness of our BCP, including training linked to our alternative centers of operation and training for personnel in charge of continuing and promoting BCM (Business Continuity Management) operations.

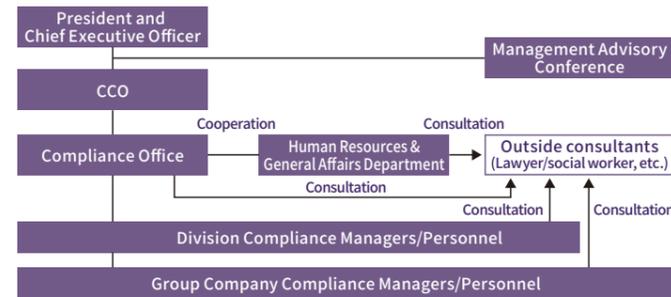


Emergency rescue drills conducted at the head office and different areas

Compliance

Promotion structure

The Company has taken steps to improve its compliance system, including appointing a CCO, establishing a department that oversees matters concerning compliance, and developing a compliance program. We have also appointed compliance managers/personnel in each division and Group company, implemented compliance education and training, compiled a legal and regulatory compliance manual, clarified responses to compliance incidents, and developed a whistleblowing system. In addition, from each Director, Executive Officer, and employee we have obtained a Declaration of the Group Code of Conduct related to employee compliance with the Code of Conduct.



*1 Compliance manager: Compliance managers of the Company, one person from each division, are appointed by the CCO. Additionally, at Group companies for which ITOCHU ENEX CO., LTD. has over 50% ownership, in principle, the president of the Group company serves as the compliance manager, also supervising subsidiaries for which that Group company has over 50% ownership.
 *2 Compliance personnel: Compliance personnel are appointed by the compliance managers, and are responsible for promoting awareness regarding compliance, serving as the point of contact in the event of trouble, accidents, misconduct or complaints, and ensuring environmental preservation and soil contamination prevention.

Education in Compliance

With the objective of maintaining and ensuring the universal recognition of our compliance system, the Company holds education and training in compliance for Group officers and employees on an annual basis. In particular, the Company conducts nationwide compliance rank-based training programs as appropriate. Furthermore, through education and training for compliance managers and personnel in each department and Group company, the Company is enhancing their practical ability to respond to specific compliance incidents, thereby continuing to strengthen the Group's compliance system.

ENEX Group Awareness Survey

Incidents relating to accounting misconduct, embezzlement, harassment, and labor issues at various companies, organizations, and bodies are on the rise. The Group conducts a compliance awareness survey of its officers and employees to ascertain the state of compliance awareness and the penetration of the Corporate Philosophy in order to help prevent misconduct and compliance incidents. The results are used as a guide for improving compliance training and creating new initiatives.

Promoting Awareness of Compliance

To promote employee awareness of compliance, the Company periodically prepares documents to be distributed within the Group and shared on the intranet.

Compliance Program	This resource provides a straightforward introduction to compliance promotion activities, including objectives, systems, incident/accident response, and whistleblowing and consulting contact points.
Compliance Case Studies	These case studies provide easy-to-understand examples and response approaches for various major and minor compliance violations, including misconduct, harassment, labor issues, complaints, legal and regulatory violations, and information leakage.
Harassment Guidelines	These guidelines set out prohibited workplace behaviors with the aim of ensuring that employees and officers of the ENEX Group correctly understand the issue of harassment, and of creating a harassment-free workplace.

Whistleblowing and Consulting Contact Points

The Group has established inside and outside whistleblowing contact points to facilitate prompt reporting of violations of laws and internal rules, other forms of misconduct, and concerns about the potential for misconduct. As part of compliance training, the Group ensures that all employees are aware of the system of whistleblowing contact points and the protection given to whistleblowers. It has also a system in place for responding appropriately to whistleblowing reports and maintaining the transparency of those responses.

Additionally, the Group has made available an outside consulting contact point for any employee or family member associated with the Group. This consulting contact point can also respond to issues concerning harassment, mental health, physical health and living circumstances. A system for providing care for mental health and consultation on other issues is maintained by specialists such as clinical psychologists, public health nurses and consumer affairs advisors.

The Group ensures the effectiveness of the whistleblowing system through regulations that clearly define the responsibilities of the various parties that handle cases. These regulations prohibit unfavorable treatment, including termination of employment, as a consequence of whistleblowing, and mandate confidentiality.

IR Activities

IR Basic Policy
<https://www.itocnex.com/en/ir/policy/basicpolicy/>



When disclosing information to and engaging in dialogue with stakeholders, our Group strictly complies with relevant laws, regulations, and rules. It also emphasizes two-way communication through dialogue, while striving to explain its the status of its businesses, management policies, and other information in a timely, fair, accurate, and clear manner and on an ongoing basis. In addition, Feedback from stakeholders, including requests and opinions, is provided to management.

General Meeting of Shareholders

We hold a general meeting of shareholders every June. A video of the day's events is available exclusively to shareholders. We also publish shareholder newsletters as IR tools.



	FY2020 Results	FY2021 Results	FY2022 Results
Dates	June 16, 2021	June 21, 2022	June 14, 2023
Attendance	13	22	34

Main IR activities

Financial results presentations

We hold semiannual financial results presentations for institutional investors, analysts, and the media in May and November. Since FY2022, we have held presentations in a hybrid format of on-site and online sessions, and the questions and answers received at the presentations are made available on our website. (Speakers have included seven Directors in addition to the President & CEO)



Presentations for individual investors

Starting in FY2021, we have been holding online presentations for individual investor. Most recently, in July 2023, we released a new video that includes an explanation of the new medium-term business plan. (Speaker: CFO)



	FY2020 Results	FY2021 Results	FY2022 Results
Meetings with investors, etc.*	33 times	38 times	37 times
Financial results presentations for institutional investors, etc.	Twice yearly (94 in total)	Twice yearly (87 in total)	Twice yearly (86 in total)
Presentations for individual investors	0 times	Once (1,559 viewers)	Once (1,592 viewers)

* Persons dealing with investors: CFO, aide to the CFO, members of the Investor Relations & Planning Section

JCR (Japan Credit Rating Agency, Ltd.) Rating

In 2022, our JCR long-term issuer rating was upgraded from A+ (stable) to AA- (stable), and our domestic CP rating was upgraded from J-1 to J-1 plus. These ratings stayed the same in 2023.

As of August 22, 2023

Issue	Rating	Outlook
Long-term issuer rating	AA-	Stable
Issue	Maximum	Rating
Commercial paper	¥30 billion	J-1+

JPX-Nikkei Index 400 and Mid and Small Cap Index

Both JPX-Nikkei Index 400 and Mid and Small Cap Index, jointly compiled by JPX Market Innovation & Research, Inc. and Nikkei Inc., are stock price indexes indicating attractive companies for investment. These are indexes that select companies engaged in management marked by the efficient use of capital and consciousness of investors.

The Company was selected as a constituent of the 2023 JPX-Nikkei Index 400 for the first time in FY2023, and was selected as a constituent of the JPX-Nikkei Mid and Small Cap Index for the sixth consecutive year.

Nikko Investor Relations' Corporate Website Rankings

The All Japanese Listed Companies' Website Ranking, provided by Nikko Investor Relations Co., Ltd., ranks the websites of all 3,926 listed Japanese companies. This assessment of IR sites is based on 169 objective evaluation items that measure how well each website informs stakeholders in terms of understandability, user convenience, and amount of information. Our website has received the highest rating, AAA, for four consecutive years since 2019.



GOMEZ IR Site Ranking 2022

BroadBand Security, Inc. provides GOMEZ IR Site Ranking for the corporate websites of 3,797 listed Japanese companies, based on 241 evaluation items under the categories of usability and proactiveness and foresight in disclosure, among others. We received a Silver Award again, after our first in FY2021.



Financial Summary for 11 Years

	JGAAP				IFRS						
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Results by FY (millions of yen)											
Net sales	1,430,745	-	-	-	-	-	-	-	-	-	-
Revenue	-	966,044	936,841	723,645	695,060	744,767	1,007,086	897,427	739,067	936,306	1,012,018
Gross profit	70,054	71,599	85,720	89,562	93,604	88,822	84,210	86,418	86,889	83,591	89,556
Selling, general and administrative expenses	56,328	57,862	71,184	73,226	74,697	70,931	67,318	68,858	67,115	68,065	68,889
Profit from operating activities	13,726	11,875	13,100	16,384	19,678	17,153	17,851	19,257	19,346	20,929	21,368
Net profit attributable to ITOCHU ENEX's shareholders	5,576	7,124	5,503	7,469	10,405	11,025	11,559	12,056	12,168	13,194	13,832
Per share (yen)											
Net profit attributable to ITOCHU ENEX's shareholders	49.36	63.05	48.71	66.10	92.09	97.63	102.40	106.81	107.79	116.89	122.54
Shareholders' equity	868.69	833.20	862.30	889.70	960.37	1,028.57	1,083.37	1,136.89	1,206.88	1,278.32	1,355.37
Cash dividends	16	20	22	24	32	40	42	44	50	48	50
Financial position at the end of FY (millions of yen)											
Total assets	323,747	321,032	329,059	304,053	344,603	382,621	374,373	387,657	408,327	447,017	433,024
Interest-bearing debt	40,903	38,598	40,954	37,665	41,020	42,705	34,110	25,180	17,459	32,929	14,127
Net interest-bearing debt	23,023	24,347	24,770	16,841	18,293	20,132	15,385	5,937	▲17,382	▲5,216	▲17,886
Shareholders' equity	105,970	94,144	97,432	100,526	108,511	116,104	122,290	128,333	136,233	144,297	152,961
Cash flows at the end of FY (millions of yen)											
Cash flows from operating activities	21,606	17,530	34,336	30,322	17,831	24,239	25,403	28,106	40,214	39,955	34,799
Cash flows from investing activities	▲25,047	▲12,556	▲20,410	▲16,673	▲14,712	▲18,458	▲13,410	▲1,411	▲125	▲19,113	▲3,190
Cash flows from financing activities	5,964	▲8,859	▲12,115	▲9,059	▲1,195	▲5,850	▲15,857	▲26,196	▲24,528	▲17,625	▲37,747
Free cash flows	▲3,441	4,974	13,926	13,649	3,119	5,781	11,993	26,695	40,089	20,842	31,609
Cash and cash equivalents at the end of the period	17,880	14,251	16,184	20,824	22,727	22,573	18,725	19,243	34,841	38,145	32,013
Main indicators											
ROA (%)	1.8	2.2	1.7	2.4	3.2	3.0	3.1	3.2	3.1	3.1	3.1
ROE (%)	5.8	7.8	5.7	7.5	10.0	9.8	9.7	9.6	9.2	9.4	9.3
Equity ratio (%)	32.7	29.3	29.6	33.1	31.5	30.3	32.7	33.1	33.4	32.3	35.3
Net interest-bearing debt – shareholder's equity ratio (NET DER) (times)	0.22	0.26	0.25	0.17	0.17	0.17	0.13	0.05	▲0.13	▲0.04	▲0.12
Dividend payout ratio (%)	32.4	31.7	45.2	36.3	34.8	41.0	41.0	41.2	46.4	41.1	40.8

Note1: Revenue excludes consumption tax, etc. (national and local consumption tax; same applies below).

Note2: Based on IFRS since the fiscal year ended March 2014.

Note3: As the Group began applying IFRIC 21 (Leases) in March 2015, the related main management indicators, etc. for the fiscal year ended March 2014 were adjusted retrospectively.

Note4: The amounts are rounded off to the nearest million.

Note5: Intermediary volumes have been included in the electricity sales volumes since the fiscal year ended March 2021.

Yearly sales volumes of main products

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Gasoline (thousand kl)	4,317	3,993	3,593	3,722	3,587	3,328	3,201	2,767	2,386	2,510	2,469
Kerosene (thousand kl)	2,099	1,874	1,502	1,471	1,448	1,590	1,565	1,229	1,145	1,054	915
Diesel oil (thousand kl)	3,387	3,389	3,302	3,321	3,271	3,401	3,499	3,288	3,164	3,282	3,217
LP gas (thousand tons)	619	625	619	601	597	618	573	543	500	485	475
Electricity (GWh)	80	231	409	873	2,431	2,671	2,874	2,605	2,393	2,692	2,262

Stock Information, Company Overview, etc. (as of March 31, 2023)

Shares and Shareholders

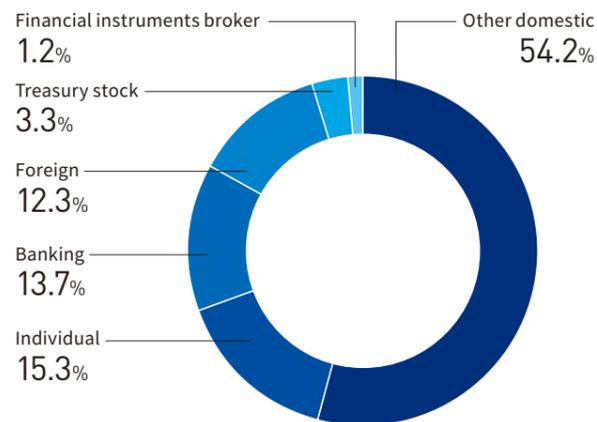
Authorized shares	387,250 thousand
Shares issued and outstanding	116,881 thousand
Shareholders	21,760
Shares per trading unit	100

Principal Shareholders

Name	Shares (thousand)	Stake (%)
ITOCHU Corporation	60,978	53.97
The Master Trust Bank of Japan, Ltd. (trust account)	7,299	6.46
Custody Bank of Japan, Ltd. (trust account)	5,039	4.46
Enex Fund	3,295	2.92
Nippon Life Insurance Company	1,542	1.37
ITOCHU ENEX Employee Shareholding Association	1,433	1.27
STATE STREET BANK AND TRUST COMPANY 505001	909	0.80
STATE STREET BANK AND TRUST COMPANY 505223	781	0.69
THE BANK OF NEW YORK MELLON 140042	752	0.67
DFA INTL SMALL CAP VALUE PORTFOLIO	730	0.65

Notes: The above figures exclude treasury stock (3,896 thousand shares)

Shareholding Ratio by Owner



General Meeting of Shareholders

Ordinary General Meeting of Shareholders	Annually in June
Basis dates	For Ordinary General Meeting of Shareholders: March 31 of each year For year-end dividends: March 31 of each year For interim dividends: September 30 of each year
Shareholder registry administrator	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Ltd.

Corporate Overview

Trade name	ITOCHU ENEX CO., LTD.
Head office address	3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo 100-6028, Japan
Established	January 28, 1961
Paid-in capital	¥19,877.67 million
Main sites	Hokkaido, Tohoku, East Japan, Chubu, Kansai, Chugoku & Shikoku, Kyushu
Subsidiaries	45
Affiliates (equity method applied)	22
Number of employees	642 (non-consolidated basis, including 170 seconded to subsidiaries) 5,461 (consolidated basis)
Stock exchange listing	Prime Market, Tokyo Stock Exchange (stock name: ITOCHU ENEX)
Securities code	8133
Main financial institutions	Sumitomo Mitsui Trust Bank, Ltd.; Sumitomo Mitsui Banking Corp.; Resona Bank, Ltd.; Mizuho Bank, Ltd.; MUFG Bank, Ltd.

Evaluation by Society (as of August 31, 2023)

[See here for details](https://www.itcenex.com/en/csr/evaluation/)
<https://www.itcenex.com/en/csr/evaluation/>

ITOCHU ENEX CO., LTD. Organization Chart (As of April 1, 2023)

